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FROM

FRANK WILLIAM TAUSSIG,

PROFESSOR OF POLITICAL ECONOMY

IN

HARVARD UNIVERSITY.

Received 17 April, 1900.

Very Sincerely Yours
Lambler

EVOLUTION IN ECONOMICS

AN ANALYSIS OF SOCIAL PROBLEMS

BY

J A AMBLER

DE LUXE EDITION

NATICK

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Prof. F. W. Taussig

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To my daughters, whose need of a correct and unbiassed text in their study and elucidation of the principles of Political economy has inspired my work, this treatise is lovingly dedicated.

The Author

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Political economy is defined as the theory of social wealth, but it necessarily reaches much further than this, since on social wealth rests all the material comfort which mankind enjoy.

While, therefore, the science demands an exposition of the principles which regulate the production, distribution, and consumption of wealth, it in no less degree demands an analysis broad enough to cover the conditions, privileges, and limitations, by which wealth is, or ought to be surrounded.

The fault, I think, of most writers and agitators on this subject is, that they too much confine themselves to the survey of special conditions, which are transitory in their nature, and by the annoyance which they create, give an impulse to exagerated estimates of the evil or good which they produce, so that the expedients suggested, instead of being what may be called permanent in their nature, are scarcely suited to outlive the hour they were born.

I would not be understood as saying that this applies to all the expositors of this science, which would be as much as to assume such superiority of judgment as no one can rightfully claim, and I well know that the utmost which any man can expect to attain is that amount of knowledge which the particular period in which he lives will yield.

The great virtue of a doctrine also appears to be opportuneness, and this in a large degree measures its influence upon society. Opportuneness depends solely, I think, upon the condition of the social order at a given time.

From this it will be apparent that notwithstanding a political science is in its nature a science which should be broad enough to cover the interests of the race, it is impossible so to apply it, since in no two countries is the social order the same, or in many ways, even similar in its manifestations at the same period.

In one locality the race may not yet have emerged from barbarism, while in another it may have attained a high order of civilization, and between these two there are all the degrees.

It is only when a government or people have become established in custom, in law and order, and in a system of politica, that we can take the history of developments, point out what seems lacking, and suggest expedients which experience will approve.

To undertake to transform the whole world through one effort would be to invite defeat from the start. When a missionary goes forth to his work, he chooses some locality within which to perform his labor, and so it must be with all effort destined to succeed.

In a government established for a considerable time, society furnishes phenom-

ena which affords a field for investigation and judgment, and this is true of economic science in a larger degree than in purely social science, because in the former we deal with the material, or exterior manifestations while the latter demands the close and subtle reasoning which only psychological research can supply, and this only in a doubtful and uncertain manner.

I mean to say that in economics we deal with the known and visible; in social science, with the unknown and invisible.

While, therefore, I shall pay some attention to former epochs in the following treatise to show something of the origin of economic action, for the larger portion of my work I shall take up the conditions belonging to a more advanced age, and principally those which prevail at present in the United States of America.

It has seemed to the writer, that what is lacking in written economics is consistency, or a system which through its operation would prevent principles similar in their nature from warring on each other.

A discussion of the subject is supposed to embrace land, capital, and remuneration, -the first conceded by most advanced thinkers to be beyond rightful possession by man, the second undeniably his possession since whether he be laborer or otherwise he cannot avoid possessing if he would, and the last, re-

lating to the method of acquiring.

Now if land cannot rightfully become the possession of man, neither can it become rightfully the possession of the collective society, or government, but must be considered as a great trust, in which man, or government, is the agent, and whose administration becomes responsible not only for its condition when received, but also its condition when surrendered in succession.

Capital is the instrument which the agent must use in all manner of developments, and since development is a law of nature which cannot be subverted, or changed, without damage, it becomes evident that whatever of capital is required, should always be ready to the agent's hand or he cannot accomplish his work.

As nature is not rigid in her operations, and requires but little of man's effort to yield a subsistence, it follows that if man puts forth more than the minimum effort, nature will reward him in degree according to his merit, and it is thus from the generous bounty of nature that capital is acquired, a portion of which only, goes into consumption and the rest constituting wealth, which were the land held as a trust, instead of a possession, would be all the wealth that existed apart from nature.

The more of wealth the individual can acquire, the greater will be his share of the comforts and conveniences of

government, the broader his opportunities for culture, and the firmer his security against future want.

Hence the accumulation of wealth becomes an interest of paramount importance in the estimation of the individual, his human life being all that is visible, and wealth being the main quality to make that life easy and comfortable.

Thus it comes about that nearly all the struggles of man against man may be traced, either remotely or directly, to the one incentive which the possible acquisition of wealth affords, and at the present time it has come to that pass when man in his zeal to acquire so desirable a quality, has lost accurate measurement of what truly constitutes a competency.

Through the loss of a standard of measurement, man pursues the object, blindly unconscious, or else indifferent as to how much or how little he leaves behind for those who follow in his swift path, and the result of this is that he who follows last, either through lagging or through inability to keep so swift a pace, finds but a scanty remnant falling to his lot, though he is, perforce, compelled to traverse and complete the course.

So unequal has been the contest, that philanthropy has given aid and countenance to many measures inuagerated to relieve the stress, the most prominent

of which, perhaps, are those embodied in what is called socialism.

I make no controversy with socialism except that its conceptions are upon so high, or rather so broad a plane, that it is utterly incompatable with the present order of society, and must always so continue so until man not only changes in his habits and opinions, but in his nature also.

It may be said to be the radical limit of human conditions for the enjoyment of material things, while orthordox, or classic political economy as it is popularly styled, is its opposite in many essential features.

While socialism declares that the present economic order should die, being supplanted by collective means of production operating with associated labor without any distinction between individuals, the classic economists declare that there is an economy in these distinctions as they exist, and if they are not well enough as they are, yet it is better than any presently developed plan to let them alone.

In socialism, however, I believe the germs exist for a better order of society than is now enjoyed, but an order which has for its basic principle the selfish accumulation of capital as a means of a collective capital, -the former finally being destroyed by its own weight and absorbed by a collective society, has only a paradox on which to

build.

Collective society organized,is a power,but unorganized,it would by a short process drift into anarchy,and collective interests would inevitably disappear.

It is for collective society organized to so improve and perfect its organism that it can work systematically under an administrative head,and whatever socialism contains that is good,should be directed as nearly as possible within established administration,or certainly within the rules which govern and control existing administration,which would not only be economic from being already established,but would relieve socialism of the odium of attempted,or threatened destruction of existing institutions which the great majority of society have come to regard as fundamental to well-being;a condition of mind which,aside from some great and wide spread indignation,will remain among all classes to a large extent for centuries to come.

It is to correct so far as my ability will permit,this tendency to destroy present institutions whose worst fault is in the administration of their affairs,and still to formulate a system which might be the means of equalizing opportunity and thereby equalizing individual interests and possessions,that the present treatise is offered.

It does not seem to the writer that competition,if open alike to all,or if

measurably so, is any detriment to the well-being of society. On the contrary, it would seem to be a necessary stimulant to human effort, inspiring ambition and energy, and discouraging sloth and indolence, two qualities very apt to act as tyrants in a free state of society in which every one is assured of a subsistence as is projected by socialism, whether he earns it or not.

It has been my object, therefore, not to remove the ordinary industrial avocations from a field of competition, but to formulate a plan which would so regulate them that the competition would no longer be closed to the great majority.

Incidental to this, and necessary to its success, I have thought there must be a system which would provide for all unemployed labor, and to enable society to put this all-important system in operation I have suggested some inovations upon present government methods, none of which are in the nature of a revolution, but perfectly consistent, as it appears to me, not only with the best interpretation of the preamble to the Constitution, but also with some other functions of like nature now performed by the government.

The only sense in which they can be called inovations would be that they would transfer a class of enterprise which I have called public service in the interests of the whole of society, from individuals and corporations

where consistently with others of like nature already enjoyed or controlled by the government, they properly belong.

The profits from such enterprise now enjoyed by the individual or corporation would thus go to the government, providing an available fund for public improvements which would be to the good of society, and at the same time effect an equilibrium between labor and its reward, and competitive capital, by keeping all labor employed at a proper remuneration, capable of supplying not only the wants of the individual, but also enabling him to share more justly in the natural increase of wealth.

The suggested abolition of ownership in hand will perhaps be considered extravagant from present standpoints, but most people, among whom are very eminent authorities, are willing to agree that such ownership is not consistent with the best conceptions of human rights.

Acting in unison, I believe, with this sentiment, I have attempted in this treatise to outline a method by which its abolition might be accomplished without infringing on the present rights of ownership.

It will be found, on careful thought, that such a system as is herein formulated, is as narrow in its scope as can be made operative for the employment of all labor, and on this assumption it is submitted.

EVOLUTION IN ECONOMICS

••••••

CHAPTER I

UTILITY

Utility,-the adaptation of means to ends,-is so wholly a principle of life that it animates creatures far lower in the intellectual scale than man.

The birds seek twigs and straws with which to build their nests: the ant, with infinite patience, laboriously gathers atoms to make its hean; the bee in like manner culls the sweets from every flower to swell its store.

We,have, then, not only among men the practice of political economy from the earliest age, but also among the birds of the air and the beasts of the field.

There is in it a possibility of adaptation of all means furnished by the Creator to their natural end, and it is only from an absence of knowledge of all the varied means and ends that the creature makes no more rapid progress.

It is,I think,a mistaken notion that

individual accumulations of wealth as commonly defined, are the foundation of what is denominated Political Economy, since in such a consideration of the subject selfishness seems to be the ruling factor, unless we regard wealth as a vague term, applicable to everything of value in the universe.

I therefore select as the basis of this treatise cause and effect, including an investigation of such knowledge on the subject as man in his researches has already acquired, as well as some speculative philosophy on what he may acquire in the future, being aware, of course, that it would be a vain effort to anticipate to the fullest degree, developments in economic practice, since to do so would be to possess all the skill, all the knowledge, and all the practice of the whole world, and such scope can belong only to the Deity.

All are aware of the meaning of the terms cause and effect. They are both the greatest and earliest lessons which confront life from its very beginning. Every one who sees a cause manifested in nature, in art, or in any sort of action, learns quickly to trace onward from the cause to its effect, and the remembrance of this in each instance constitutes what we call experience and it is from experience that we gather the knowledge of the centuries.

If only the right path were pursued, and the quest was solely for the purpose of developing what is manifest under our eyes, the march of progress would be more rapid than it has been.

But in the course of events in the world's history there have been made many divisions, as for instance, wealth has been placed in one division, intellect in another, and in another the heroic virtues, such as bravery, fortitude, etc., or the philanthropics, such as kindness and love, or charity and benevolence, while in the other division we find polity of nations or of individuals associated together; and in each, often separately, there is the distinct desire to become eminent.

When such divisions have been made the mind becomes confused by the spectacle, and involuntarily groups such of these divisions as come most natural, leaving the rest, it may be, to other individuals and peoples. This is the result of wealth, possession, or individualism, and the primal unity of the creation is forgotten whereby in its inception all things were meant to act reciprocally on each other.

The economic condition of man is determined by what he feeds on mentally.

If he feeds on wealth alone, wealth will be the product of his life. In like manner if he feeds on social re-

lations, philanthropy is born, and if he feeds on wealth and social relations together, not only wealth and philanthropy, but every economic condition is born through which man gathers insight of the true and perfect working of the creation. Therefore I say as a further premise, that primarily there should be no divisions or sections circumscribing the treatment of economics. With such divisions swept away it is not necessary to enquire what is to be considered as wealth, for everything visible and invisible then becomes wealth, even the rock on the remotest and most solitary spot on the globe. It is for man to find out its utility, and to profit by it for the sake of generations yet unborn.

It is only on this high plane that the study of political economy can be made beneficial to mankind, and it will be profitable to us, if we are able to avoid any discussion as to what constitutes wealth, whether money, precious metals, land and buildings, bonds and mortgages or in addition to these air, the water, the electric fluid, or to go to a much greater length, all the natural or acquired powers of mind, through which comes development and growth.

It is not the possession, or the ability to possess the most agreeable things that constitutes the greatest benefit to mankind, but to possess harmony, from

which flows all rational enjoyment.

Solomon understood this when he said, "With all thy getting, get understanding." It is not the palace or the hut, fashioned from rich or from poor earthly material, in which we live, but in the inner temple of our being. It is to have this habitation comfortably equipped that we should aim, and if its equipment is hard metal, or mineral, or earth, it is indeed bare. It is the office of political economy to fuse together all equipments that nature or man has provided, and so furnish this inner temple that it cannot want.

Elementary facts dating far back in earliest history are to be sought to find the traces of man's divergence from this rule. "The serpent tempted me and I did eat." Here is a whole volume in political economy expressed in a single sentence, the command being "Of every tree of the garden thou mayest freely eat. But of the tree of the knowledge of good and evil, thou shalt not eat of it: for in the day that thou eatest thereof thou shalt surely die."

This is the conception of a mind very near to the infinite.

I do not literally interpret the passage as meaning that there was a tree bearing fruit which was thus denied, but rather that this is a metaphor. It was not the fruit of the tree of knowledge, but the tree of <u>the</u> knowledge of good

and evil. Had this command been obeyed, there would never have been selfishness in the world, for man would never have craved what was denied him.

When craving was born, avarice and greed also came into existence, and possession followed. It is from possession that all the ills of man have sprung.

Were there no individual, no national possessions, all the world would belong to mankind in the aggregate. No individual or country would be richer or poorer, but all wealth would be a unity.

There would be no transfer and consequently no abstraction, but every individual would hold a joint ownership in lands, in buildings, which would all be public, and in every sort of commodity which the labor or ingenuity of man produced or nature furnished.

Such was the case in the early stages of man. The land, primarily, was the source of subsistence, and this was followed by the gathering in of animals by the nomads, which we call pastoral life.

Here we see the first signs of an accumulative tendency, for under this system large flocks and herds were gathered, and there commences that great evolution which in modern times has been termed "the survival of the fittest."

Those who were above the average in ability, greed, or pride easily gained precedence, and seen the power of combination followed in families, in tribes, and

in nations. Inequality began with possession, and while subsistence was less precarious than when all possessions were temporary, there appeared a dependent class who from their dependence became under obligations to their superiors. They had again eaten of the tree of knowledge of good and evil, but this time sorrow and repentance were lacking. Power was found to be sweet, and soon there appeared one class of men who acquired control not only of possessions, but of men as dependents, who on occasion gave their service as a recompence for benefits received.

Thus man works for his superior, and the latter gains partial freedom from toil. Having now tasted the sweets of power it is easy to see how a desire might grow to not only strengthen, but enlarge it. He cast his eye about to see how he could excel his neighbor in accoutrements. Taking advantage of his helpers he gained through their brain or manual toil whatever was of benefit in advancing his status.

It is manifest that the few who attained superiority over the many did not invent all the processes necessary for the production of garments, the working of metals and manufacturing them into tools used for spinning and weaving, the introduction of chemicals for dyeing, and the beginning of science both applied and speculative; but were aided by those who performed the func-

tions of menials. Then came the increase in communities, for a community through its better resources became a center to which the nomad population came for better accomodation of their wants, and this gave rise to the reality of that principle on which the world has speculated ever since, viz., demand and supply. It becoming obvious that the primitive manner in which wants were supplied was inadequate to meet the large and growing demand, resort was had to means whereby the supply could be increased and the people began to cultivate what previously they had only reaped from nature. Hence through ploughing and planting came reaping and gathering into storehouses, and as the population grew, and the stores accumulated, they tempted those in still more savage life to pillage and plunder, necessitating methods of defence against the inroads of the invaders so as to drive them away and guard against their return. Thus driven, the invaders having tasted the benefits of a better civilization were forced to adopt a similar course of life and became in their turn an agricultural people.

But if, as frequently happened, these invaders became conquerors, then the fruits of industry became the spoils of lawless men, which gave rise to a military system and at the same time discovered the need of some code of laws for government.

The feeling of dependence among those who were subordinates made their superiors their natural rulers or princes, and constituted the latter the protectors and law givers of the people.

From this course of events came the larger establishment of general government. For this there must be support, and so taxation was begun by the collection from individuals of small sums of the product of their toil to maintain the head of the government and his functionaries, and to provide for such measures of common utility as occasion and circumstances suggested.

It was natural that under this order of things he who was raised higher than his fellows should attach importance to his social eminence, and by handling the tax money become accustomed to look for a surplus, of which, by virtue of his office, he assumed the right of disposal, either for purposes of state, or to more lavishly maintain his position, which assumption soon developed a taste for luxuries in dress, in ornament, and in articles of convenience which created a demand for workers in various lines of art, for merchants and brokers, or traders, by which means the products of other countries were bought and sold.

Under this advanced order of things the inequalities in means began to be apparent, since the few were found liv-

ing in luxury which the many paid for in taxes, in service, or in suggestion, and luxury prospered at the expense of the cultivators of the soil, the skilled artisans, and all who worked for their daily subsistence.

The first unity of things had been broken. Had the people been able to grasp the practical principles of economy they might have foreseen disaster and deterioration from this cause.

Wrong government, or the absence of any government, taught the higher classes laxity, and the influence operated enervatingly until, from being a power whose strength was too great to resist, their luxuries and extravagances made them so feeble that they were overpowered by barbarians who became masters, the latter in turn to learn luxurious manners and tastes and yield succession to still another hordes.

Throughout all these changes, however, there was a saving power, and that was a middle class, not strictly belonging to the rich, or poor, who through minute saving from their occupations accumulated a modicum which in the aggregate formed what is called capital, and this soon made itself a factor by being a source of accomodation to government and to individuals in time of need. This class was made up not only from tillers of the soil, but from mechanicians and artisans, merchants and brokers, and in fact

all toilers who possessed the two qualities of thrift and abstinence.

From such a state, the middle class, as I have styled the thrifty and energetic class who have worked for a definite object became, and of right, too, the great center, or root, on which society was planted, and in their energy, their abstinence, their perseverance constituted the stability on which all civilization rests.

They shaped the destiny of nations and peoples, giving an influence to laws of government and gave out from their resources for public works,-in fact, made or manufactured wealth with brain and instruments from the rich materials that nature furnished and in time have asserted and maintained their supremacy over all others by ownership or possession. It is no wonder then, that in any consideration of political economy the factor of wealth which is so giant-like in strength and proportion has overshadowed knowledge, skill, and genius, since while all these are necessary and indispensable factors, they work silently, often unprofitably and even sufferingly, while the evidences of their work are only displayed under the auspices of wealth or capital.

The assumption, then, of present conditions, which term is meant to cover a very broad area, not only experience, but experiment,-not only knowledge, but development, not only moral psychological

and inclusively, social relations, but also such relations as cause and effect, as are learned from the course of events,-the assumption of these conditions born of centuries of mistake, greed, and other forms of selfishness are not to my mind proper in a consideration of the subject on which I am engaged.

If from the foregoing pages I have succeeded in showing a series of causes and their effects it would seem that for an explanation of the diversities in the lot of men other grounds should be taken than man's financial state.

To undertake simply to formulate laws of distribution would be to my mind only one-half the task of the economist, since the field of production seems to me to be subject to human manipulation in as large, and perhaps in a more abundant sense than that of distribution.

I shall, then, in following out the scope of my mind, find occasion to follow in the same path outlined thus far,-causes, and their effects in utilities.

CHAPTER II

"And God said, Behold, I have given you every herb bearing seed, which is upon the face of the earth, and every tree, in the which is the fruit of a tree yielding seed; to you it shall be for meat."

a. To produce anything, the first requisite is mind, which is followed by motion necessary to compound the ingredients which are to constitute the material.

Nature is the labratory or workshop that supplies earth, fire, water, atmosphere (which is meant to include the electric fluid), and light. Through the mysterious operation of mind, man extracts from the elementary source, the earth, a rude, coarse metal, subjects it to fire, water, and the atmosphere, and by the aid of light produces an implement of utility, an ornament, a convenience, a necessity, or a luxury, so wealthy is the storehouse from which he draws, and so amply provided with the qualities necessary for production. From this aptness in tracing cause and effect man sees in nature the capacity to reproduce, and to assist her in the work scatters and multiplies the seed, and so produces a more bountiful harvest.

b. He does not stop here, but for the sake of economizing his labor he calls the elements to assist him, and by this means we have air, water, fire, steam, and

and electricity, and all the various operations which they perform.

This would seem at first glance entirely man's product, but if we examine closer we shall find that man acts only as an intelligent agent, bringing this and that to the proper relation to each other in order to be acted upon, and the rest is accomplished by natural laws so immutable that man can depend on them.

It is not solely man's prerogative to put objects in motion in order to produce, for we see in nature herself many manifestations of such action without man's assistance, she being the first grand teacher from whom man receives his instruction how to proceed.

But it is his prerogative, doubtless, to so operate by reason and analogy as to promote and multiply movement so as to multiply product, and by the exercise of his mental faculties open up hidden powers of which he discovers the signs or realizes the need; hence we have the developments in science, by which is meant in this connection all these aids which man utilizes as power to produce whatever he wants and economizes the power which is his own.

c. The next consideration is the grandeur and immensity of nature's resources. If we stop to investigate the difference between nature's aid in one department of industry as compared with another, it will be found, I think, that

the lesser aid is furnished only because the resource has been the less developed through man's effort, and in such case it simply behooves man to explore the depths and from experience learn how to summon further aid, nature being a teacher who needs courting in order to derive from her the favors she has to bestow.

If she seems to yield more readily to Agriculture, we have only to look to the enormous fruits derived from the power she furnishes to manufacture to discover that she is at least generous, in her manner of bestowal.

It has been held that Agriculture receives the most benefit from nature, and on this basis a rent has been paid for land. That such a system is based on true economic principle there is not a doubt, but whether rent should be paid to individual owners is a very doubtful subject which I shall discuss later in my work.

It would seem that to him who explores the unknown only, nature is most chary of her gifts or aids, as the astronomer or the mariner, but even here her hand is shown in the formation of instruments through man's agency, which brings us to the conclusion that nature's aid is illimitable, the condition of gaining being dependent only on man's earnestness in desiring her benefits.

d. We are frequently confronted with the proposition that some of nature's re-

sources are exhaustable, and therefore limited, and among these are named land, water, coal, metals, fish, and some others that may be called commodities when man has appropriated them.

Now all these have a value of their own which, through man's cupidity, have increased in greater or less degree, have fluctuated through his speculation and been used as a means of profit, from the mistaken notion that if the supply of an article is short it must appreciate in value.

This can only be true when the demand is arbitrary, and scarcely exists when applied to the necessaries of life, nature usually furnishing a substitute.

It is i man's not finding, or having found not accepting this substitute, that a short supply commands a premium, or in other language, in man's unwillingness to adapt himself to circumstances, and while sometimes the new circumstances may be the cause of self denial, in most cases the reason of their slow adoption is that man is the creature of habit and delays because he dislikes a change. It is in the discovery and adoption of such substitutes as nature offers that we find out all her resources and it all belongs to her economy just as truly as the possibility of reproducing belongs to humanity.

It is in her hidden resources that man enjoys most, since the deeper he probes the more astonishing and precious are the results.

CHAPTER III

AGENCIES

"In the sweat of thy face shalt thou eat bread, till thou return unto the ground;"

a. There is no grander illustration of the harmony of nature's laws and their complete workings than is found in the reciprocity of labor in the different callings and their dependence on each other. The dealer who sells shoes is dependent directly on the manufacturer, and he in turn not only on his workmen but also on the tanner and currier, the spinner and weaver, the paper maker, the wood worker and the smith, the machinist and engineer, and last, and by no means least, on money or its representative.

The workman whom he employs is dependent on the farmer and miller, the baker, the butcher, and the candlestick-maker, and a host of other makers both to satisfy his necessities and his com-

venience or pleasure. If we pursue this analysis further we shall find that the tanner, the currier, the skinner, the weaver, and in short all who contribute directly or indirectly in the production of shoes, are in like manner dependent on almost numberless auxiliaries which comprise in the aggregate nearly all the industries that exist. A goodly part of the office of political economy, properly applied, is to assimilate and harmonize all those relationships and establish an equilibrium.

To accomplish this there must be provision for overproduction in any one line by the same law of expediency we find in nature-substitution.

All the different factors who contribute to a production are dependent on each other. Their accumulated interests should be so far interchangeable as to establish equal conditions throughout.

b. As it is obvious that in order to work to advantage subsistence must be guaranteed, the necessity of a surplus becomes apparent. Food is the first requisite because without food man cannot exist. But this is not all; there must be raiment. These are the sum of man's physical necessities.

There is another category in which comfort, convenience, pleasure, and the cultivation of the high qualities of the mind, and luxuries, appear. As these are mankind's demand, it is impossible to leave them out of the provision for

for which a surplus is to be used, for whether prince or peasant, man relies on this resource for his faith in the to-morrow. The man of wealth has it always in his power to satisfy his desires by purchase; the man of labor draws on his capital in like manner, the difference being in the nature and amount of the capital, one being money and the other labor.

Thrift and abstinence were the elements from which capital was first accumulated, and it is from these that it still accumulates, although as I shall find occasion to show in after pages, the reward which nature yields so generously to man which constitutes surplus, or wealth is, under the present systems of society wrongly appropriated.

Surplus is dependent on accumulation, or at least, on preservation,-but in accordance with the law of equilibrium surplus naturally looks for an equivalent. and to provide for waste of time in the agencies of its distribution, for wear and tear, or loss through destruction this equivalent must exceed in value the amount of surplus which has been furnished: otherwise in the end, the surplus would be exhausted; hence nature's bounty whereby she bestows on man more in every instance than he invests. It is to this grand munificence that man owes the possession of all wealth.

If productive labor demands more than the ready surplus the latter must be

sought in some other locality, which draws from whatever surplus that locality possesses. This creates an exchange, and this exchange requires premium for service: hence we have in surplus as we have in individual commodities of which it is the agent, a dependence on its source of supply. There is no real difference between the service of a surplus and that of manual labor, since labor must be dependent on the surplus: for the surplus may be the possession of the laborer himself as naturally as of the capitalist so called,-surplus being either money or goods, or the stock in hand in anticipation of coming demand.

g. I do not deem it necessary to discriminate between industries operating on each other and to analyze their relations. Under the law of equilibrium there need be no appropriation or extraction, each certainly being dependent on the other. The miner, for instance, is sometimes classed under the head of extractive industry because he extracts material for manipulation, coal has been made to appear as not material and because used only for fuel was not regarded as a material of production, but was called the ultimate product. How far short this is of the true conception of the nature of coal is proved in the new manifold uses to which it has been adapted. We have heat, steam, electricity and gas, and we have also medicinal and me-

chanical agents in great variety.

Even such articles as ornaments have their place in providing material for labor and trade, though they are not destined at present to go through so many changes in the hands of the workman as is corn, a textile fabric, herbs, plants, etc. It would, then, manifestly be wrong to break the unity of nature by taking any one of her ingredients from the list of materials. If the entire utility of an ingredient is today unknown it is because man has not yet arrived at a full understanding of its nature and possibilities.

d. As I wish to avoid perplexing complications in terms in dealing with my subject, it does not seem best to try to distinguish between implements and materials for use in production, as whether such happen to be direct means which are said to be destroyed in process of production, as in the case of fuel, or an axe which can be used over and over again, they are both instruments material to their purpose and thus are equally implements. Everything is subject to deterioration that is put to service, and only time is required to render either material or implement inoperative for the given purpose for which it was intended. The subject, therefore, resolves itself simply to a question of comparative economy, that which is subject to immediate deterioration being more costly than that capable of resisting pro-

longed use.

e. As incident to labor and its prosperity, however, means are absolutely necessary to protect, which may be termed accessories. Such are plants, or factories and storehouses, machinery and tools, above these the government, which embraces the legislator, the lawyer and judge, the officer to arrest destruction, by which is meant both the soldier and the police, and to these I add as the most important accessory, because it has to do largely with the moral and persuasive element, the Christian church.

These accessories are fully as essential to the security of the producer as is the implement with which he works; they form an essential part of the equipment of that society of which he is a member and are afforded under a government at much less expense than they could be maintained by the individual, making possible an independence from care and responsibility which operates directly to make production abundant.

f. There is another class of accessories that are to be considered as an economy, and this includes ships, railroads, the telegraph, the mail, and the system of finance whereby one locality can be brought easily into communication with another. These each have their corps of laborers who, if they do not produce material, certainly produce results, which must be considered as of

equal importance. To these may be added the distributing class who in dealing and trading deliver the goods to the party who demands them.

To conclude, we find that to make production of the greatest use and benefit to mankind all those accessories, or agencies have their place and go to swell the great army of producers who constitute the large part of human society. To specify other classes seems to the writer superfluous, as all are aware that the physician or the surgeon hold an important place as also the inventor, who supplies a basis for new or increased production by new processes or facilities. Those fields are so broad and so far-reaching, dealing as they do, the teacher, the preacher, the physician and surgeon with the welfare of present and of future generations and the inventor with the exploration and expansion of the wonderful possibilities which nature affords, that it is deemed matter requiring no explanation. It seems adequate if we say that all branches of human activity, of whatever character, that are conducive to the public good are auxilliary to, and intimately connected with production, since they are but responsive in one way or another to the call that circumstance makes upon them. Some respond to the first call of nature directly by tilling the soil, and others indirectly, but it will be found

on careful examination that every activity of man has its influence in holding up the hands of the Moses who directly implores the great Omnipotent for subsistence, and it is from the willingness to respond to the call for assistance that achievement comes.

Should any department of the social system lie idle for a day or a month all the world would feel the effect. Should society itself become thoroughly inert mankind would disappear, because it is the economy of our existence that we be actively engaged.

We are, then, all agencies and not one can shirk without injury to the world.

It is through the power of reciprocity that the world moves.

CHAPTER IV

ON UNPRODUCTIVE LABOR

"Is there yet any portion or inheritance for us in our father's house?"

I enter now on a subject on which there has been and still is so much controversy that it deserves more minute treatment than previous subjects, viz:, what has been called unproductive labor, and in doing so the manner in which the general subject of my treatise has been discussed seems to make it necessary to follow pretty closely on the lines already marked out.

Nature, which I conceive to be in her workings the prime teacher of mankind, has always sustained her equilibrium.

Fire, earthquake, and flood have each in turn wrought havoc; man has been born subject to various ills, and died sooner or later; peoples and nations have risen to power and decayed; animal life has changed and sometimes disappeared; the earth and sea have seemed to yield their last supply in various ways; climatic changes have taken place; but through all this man has survived, and on the whole, the advantages of our present civilization make ours a better world to live in than it was in the beginning, while nature's laws still protect and take care of the earth and the firmament.

Equilibrium, then, is the natural and immutable law of all life and action.

If it be said that the human will controverts this law it must be remembered that the human will cannot work outside of ourselves, and even there it is controlled by a power as broad and strong as Omnipotence, for I think the age has advanced in our day to that point where we are able to understand so much of the great mystery of life as to know that it is all one and indivisible, which is simply sustaining the principle of the Unity of Nature, or Omnipotence, If, then, we are all a part of the great whole, we are all in some way workers in the economy of that whole, whether it be manually, mentally, or even inertly, for the latter state furnishes at least an example and forms the ground for a precept.

To work simply for today's results is but another form of accumulation for present enjoyment, and is the fruit of greed. Usually, therefore, a material form has been required by economists as the product of labor, -something the eye can see and desire. Under such an aspect, any who do not with their hands produce some material substance are regarded as unproductive laborers. This is a narrow view because by its adoption we must necessarily deny all that the spiritual part of man has evolved, education and morals, ethics (including religion) government, jurisprudence, art in various forms, etc., in short all the mainsprings

of our advanced civilization.

John Stuart Mill in his treatment of this subject quotes M. Say: "since when we are said to produce objects we only produce utility, why should not all labor which produces utility be accounted productive? Why refuse that title to the surgeon who sets a limb, the judge or legislator who confers security, and give to the lapidary who cuts and polishes a diamond? Why deny it to the teacher from whom I learn an art by which I can gain my bread, and accord it to the confectioner who makes bonbons for the momentary pleasure of a sense of taste?"

And then our author proceeds to say in substance that it is because mankind said it should be so and forms from this the conclusion that as this is the decision of mankind we must take it as it is, and adopt its idea that absolute and visible material only must be considered as a product. This brings us again to the point from whence we started, that it is not in wealth (which is constituted by material substance) but the adaptation of means to ends which produces, and this whether it be the bird building her nest, the ant making its heap, or the bee wandering from flower to flower; or, to carry it to an extreme length, the actor who by the diversion and pleasure he creates tends to recuperate and restore lost balance from effort or labor.

Of course utilities vary in degree,

even such as are classed as serviceable materials. The ladle with which we serve our soup is not of so frequent use or so necessary as the knife and fork, but it has its place, and this place it fills to much better advantage than would either the knife or fork. It is not the degree of service rendered, but whether service is rendered at all. Therefore to divide utilities into classes seems out of place in the present work, being in large degree a matter of speculation and conjecture. There is great variation in such utilities as are classed as serviceable materials, but unless we confine our own treatment within the theory that the accumulation of wealth is the main object of human existence, we shall find that the fruits of all classes usually denominated by political economists non-producers, are as truly products as are those of laborers creating permanent (?) utilities, varying only in degree. It matters not whether the world is richer or poorer, whether individuals benefit more or less from one or the other utility except so far as one is proved to be of more value to humanity in the aggregate than the other. Even in such a discrimination it must be borne in mind that if occasion is met only by a utility which is adequately adapted to its purpose at intervals of a century, and no other utility can be made serviceable for this one occasion, it has proved its value according to the service then rendered, as, for

instance the army in the case of the United States in the war of the Rebellion,-the use of rubber bags to raise the vessels at Santiago, which are utilities suited only to rare occasions but so well adapted that it would seem there were no other means. The skill of the artisan is a factor in making the rubber bag,but it is no less a factor in making the profession of teaching possible, as without material the work could not be done,food,clothing,books,and maps,all going to make up the list of necessities.

Wealth in its broad interpretation embraces skill,genius,virtue,and intelligence,and were the principles of current writings on political economy constructed on this broad basis there might,perhaps,be no room for the present treatise;but when the best writers on the subject simply express a preferance for permanency (?) but adopt present material substance and class all labor as non-productive which does not result in material objects it seems pertinent to point out more definitely the great goal of human life, which to the writer seems something more than increase of material wealth.

If immediate enjoyment or use is to be taken as an end of a utility because it seems to have served its ultimate purpose it would seem to be a very pertinent matter to examine and ascertain if it really has been exhausted in a utilitarian sense.

If a life is saved, does it make any difference whether the individual saved produces any more than he consumes in deciding if the act of saving is productive? Is it not rather the proper question whether that life is an instrument of utility in the general economy of mankind and has been saved from an accident?

Again, in the work of the missionary or the evangelist, is it to be judged that he has not accomplished any result that is good when he has raised a man from the slums and placed him again in the better ranks of society because that man does not take his place among the producers of material substance? Is it a question of material or is it given the privilege of speculating on whether the man or his posterity may effect the general society of man to its ultimate advantage?

Is it possible that there can be any absolute waste in the economical operation of the laws? May it not even be well in some cases that some abstractions are made, so that substitutes may be sought which are of more value than the original? If such is the case is there any doubt that the abstraction was a benefit to mankind? Who can say, that for the indemnification paid an actor for his service, the world shall not have received an impetus, a refreshment, a new energy from which some evolution in science, in art, or in mechanics is born which shall shower benefits upon it for all time? Is an actor simply a consumer?

I do not understand the application of economics to any one section or class to the exclusion of another. If I receive a benefit it does not matter in any economic sense from what source it comes, nor how many others are benefited,-what the instrument which conveyed the benefit nor whether the means through which I reciprocated remain in my immediate society or are transported to the ends of the earth, so long as it is not lost to the human race, and this principle applies to mankind as it does to the individual.

There is no conceivable waste except in misapplication of means, and I am not sure that even here it can exist except as applied to material product in loss through lack of skill, extravagant or unnecessary labor, etc. If the inventor fails in his purpose it is by no means certain that either he or some one else will not build from his experience and make a success. In such case, what seems lost is found,-if not in the exact shape which was originally planned, or even if not adapted to its original purpose,-if the line of thought opened up in the first experiment leads to any result whatever which benefits mankind, there was no waste. Manifold instances might be cited in which there appears at the present moment a waste which afterwards will prove a utility. Scarce a half a century has elapsed since Mill wrote and the "bankrupt states of North Amer-

ica" can point particularly to the facilities afforded by railroads, what he then called "premature" utilities as the cause of their rapid and proud development in more than material ways, affecting as they have not only every avenue of industry, but also the great social system which we enjoy and our better relations with all mankind.

I shall not take up much space with a consideration of Consumption, because that subject belongs strictly to a discussion on and analysis of the properties of wealth. Whether wealth, influence, or genius have the larger part in the great economy is no doubt determined by the manner in which they are applied for the general good.

If philanthropy be the main factor, or instrument of distribution, there is no doubt that wealth would take precedence, since in the reserve, or Surplus, lies a far-reaching power which cannot be measured. But if selfish ends are the stimulus to man's exertions it is plain that either influence or genius would easily bear off the palm, since the true working of economy is to effect the greatest good of the greatest number, which will never be accomplished through selfish action.

But there is no law to prevent the union of wealth, influence and genius,-indeed such union does exist in our age and is daily growing. Such a condition is dependent on the higher motives, as well as upon an increase of material wealth.

CHAPTER V

CAPITAL

"For unto whomsoever much is given, of him shall much be required; and to whom men have committed much, of him they will ask the more."

Capital consists of whatever is usable or can be converted to use by mankind which is to mankind's benefit.

It is argued by some that Capital consists only of accumulations and the present writer does not disagree with this view provided that accumulation is carried back to its very commencement, but to style it and then take accumulations only after they have advanced to a stage where they become individual or national possessions is but to jump to the middle round of the ladder instead of commencing at the bottom. This, I think, is what is done when the accumulated stock of the production of labor is taken to be Capital, since granting that this is the truth there must have been a time,-no matter how short,-when no Capital existed. Now, however broad the powers of man may be, there is a limit to his capacity, for we are obliged to acknowledge that he cannot create. In other words, he cannot produce a result without some kind of material on which to build,-in short, cannot make something out of nothing.

There must always be a cause in order

to produce an effect, and this is so universally known that I need not give any illustrations; hence, if Capital exists, it exists as the immediate result of a true cause, and this cause is what I shall proceed to investigate.

There is at present, and so far as I know has been in every age since the world began, a contention of some sort between what we call Capital and Labor, and in any recent treatise on political economy which I have examined this contention has been noted and an ineffectual attempt has been made to reconcile the differences. I say an ineffectual attempt because in spite of all effort in this direction the contention has not ceased or diminished, but on the other hand has increased in a surprising ratio with the broader spread of intelligence and education. This being true, it would seem that there must be something radically wrong in the conception of what Capital, is. There can be no doubt that Capital is a fund, capable of yielding a return if properly handled, but Capital of itself, without any outside agency, would be inert or without movement.

A rock on the most barren of islands would be of no less value to mankind than would Capital without an agency to put it in motion, and this agency is Labor. Thus Capital in its first form is not a monopoly, but a product, just as truly as is a beet or a turnip, and it is the direct product of labor. It of course

follows that Capital belongs to Labor.

Whatever abstractions have been made and in whatever form, are the only grounds for those contentions between Capital and Labor to which I have referred.

That vitalized Capital is the accumulated savings of Labor in the first instance is true, but as Labor can be nothing more than an agency it at once becomes apparent that in thus defining Capital we have not reached its origin.

I have said that Capital is a product, and if this is true it becomes necessary in order to make my investigation complete, to trace its source, for every one is aware that there can be no product without a source. This source can be nothing else than nature's resources, or natural means, and this prompts me to repeat what I said in substance at the beginning of this treatise, that the adaptation of means to ends is the universal principle of life.

If produce is reserved from consumption through "abstinence," abstinence is but an advance agent of labor to prepare the way for a more extended field of operation in production, improvements, and broad utility in the advancing stages of the development of mankind: hence in increased goods, or product, improvements, bonds, or other forms of security, industries, mining, or whatever other form we see what we call Capital, its origin is always the same, Nature's resources, what-

ever stages it has passed in reaching its present status or condition. This argument may not please a portion of society so well as to presume that Capital is strictly due to man's saving, and therefore is constituted a possession of man, but it must nevertheless be true, since were all the savings of man destroyed in one great calamity, though it would disrupt and retard all present rewards which man enjoys for labor performed these could in time all be replaced, and perhaps even to much better advantage than they now exist. Therefore in considering the subject of Capital, man can only be treated as a factor or agent in extracting, accumulating, and in distributing it. He is in no sense its creator, any more than the farmer is the creator of the beet or turnip for which he has sown the seed, cultivated the soil and harvested.

The secret of the enormous increase in all that constitutes Capital is that man as an agent is always reaching out after means. One man is too ignorant or too indolent to reach out further than his immediate surroundings, while another, like the oarsman, bent on the attainment of the goal, stretches himself to obtain the longest sweep and brings his trained muscles into the most advantageous play in order to reap the benefit of his best skill. Nor in the heat of his exertion does he stay his oar to indulge his tastes,

He has had his season of refreshment which has prepared him for his season of toil;he is in the race,to win or to lose and he knows that refreshment and indulgences can wait until his task is accomplished. Poverty as the result of inheritance is to be pitied, as is the oarsman handicapped at the start by inferior accoutrements,but the latter,if he has decision,courage,and ambition and does not lose hope because his rival is better equipped,may chance to find in wind and tide his opportunity to win the race.

There is always the quality of skill to be considered, whatever the condition of wind or tide. This is the mental side, not the physical, and we shall see that when man advances in comfort, in convenience and economy it is because he becomes more familiar through education with the requirements of his position, and realizes that to make means of value they must be vitalized,or in other words they must be acted upon in order to make them reciprocal.

I prefer not to distinguish between money and capital,because,as I have stated before,I regard capital as a product, and hence I regard money as one,and only one of the many ingredients of which it is composed,being different only in degree in so far as it can be used for the more immediate or pressing requirements.

Even here it does not rise to the highest usefulness,for what is called "floating capital" or bank drafts or deposits

reaches probably much more than tenfold in volume, and is even more active, quicker, and more easy to manipulate and hence more useful.

To carry this still further, I have mentioned floating capital only as "bank deposits," but there is in addition to this always a medium of exchange between individuals, corporations, and governments, as well as between nations, which though not so active as what we call the circulating medium, or as the floating capital, is nevertheless just as powerful in effecting the exchange of values. I refer to the "promise to pay" wherein man's honor and integrity are the ruling factors.

Of course there is always a "reserve," and money is a part of that reserve, but not more so than is land, and I might also say, almost, the good faith of mankind, as illustrated by my ability to procure on trust from my neighbor a handful of potatoes for my dinner because he believes I will repay, which is perhaps as simple an illustration as can be made.

We have arrived at a point where we see that "floating capital" may be made to embrace every exchangeable commodity, even good-will, which, though not a substance, may still, I think, properly take its place as a commodity, having within itself as it does the possibility of yielding accommodation, convenience, advantage, profit, or interest, either of which, according to Webster, constitutes a commodity.

Good will is a commodity in just as true a sense as any product, its basis being furnished by nature, or nature's God. Every other product of man has a basis similar, and this one is capable of breadth of action equally it is certain, as is any other product through man's agency. The difference is in its being invisible. But to disqualify it on account of that difference would be the same as to disqualify an instrument of nature for re-production because we cannot see nature's secret workings, either in the vegetable or the animal world.

The conservative critic may cast a jealous eye on this broad construction, deeming it a menace to those solid institutions which man calls "realized value," but I warn him here that I have not yet done with this aspect of the subject of Capital. What we have been used to call "vitalized capital" in its most active form is an actual deposit in bank (which may be either an institution, a depot of general distribution, or an individual's pocket,) from which may be drawn today or tomorrow, as the case may demand, to direct and forward further production; but in this case there is a condition attached to its use, and this condition is the ability of the user to furnish security for its repayment.

This is where the oneness, or unity, of man with nature is broken, and where individualism appears. From this come all the differences in social grade, either

by inheritance or through acquisition.

A difference is made by some writers between "fixed" and "floating" Capital, but it is to be observed regarding this difference that there is no form of material no matter how substantial that is not subject to decay.

Even the great pyramids of Egypt, supposed to be the most enduring monuments of man's product, are crumbling, and in time will have disappeared, leaving behind them only a heap of dust to be scattered so widely by the winds that man's power could never collect them.

So with all forms of product, whether it be in machinery, in shelter, in timber, or in a circulating medium of exchange.

They are all "fixed" or "circulating" only in degree, and there is and can be no "fixed" Capital except in Nature. Man's agency makes it vital and active, and once started on its course, it must always waste itself until it has found its ultimate end in dust, even like the pyramid.

Were there nothing to counteract this course of decay, man's career would have ended of necessity many ages ago.

But here Nature shows her vast resource in the wonderful power of re-production.

I do not find, therefore, that any consideration of profit and loss, of fixedness or circulation, will be of advantage in my discussion except so far as it applies to that profit or that loss from fixedness or from circulation as comes

from thrift and abstinence, or on the other hand, from lax and frivolous expenditures.

It has truly been said that "capital embraces in its actual form and its future possibilities all classes of men from the humblest laborer to the multi-millionaire." Man as an agent has in our age come to be a competitor with every other man, bringing every agency over which he has control to his assistance, capital against capital, profit against profit, labor against labor, and all these again against each other and each in its turn (though I regret to say not by the truest method) striving to restore a lost equilibrium.

Thus capital increases to its detriment when it arrives at that point where competition causes a loss of any portion of nature's reward through increase and incidental to this, labor rises as an interested party and reaps the benefit of low prices, asserting for the time its right to participate in the benefits of capital, and congratulating itself on the opportunity too soon, alas, to pass.

Nevertheless there is this truth, that although capital yields less to labor than the latter deserves for various reasons, and less as it increases in absolute share, still the relative share of labor always increases the most, and this is a very good argument against the theory that the rich are constantly growing richer and the poor poorer.

It is no doubt true that labor gets a proportional share of the increase of capital of some sort, since by any comparison which we can make with former ages, labor has more to spend and a larger field for abstinence than in any earlier age. This is owing in part, I am glad to say, to man's natural philanthropy, but I believe it is also an inevitable result of the increase of capital, or the adaptation of means to ends, a knowledge of how to best adapt which grows with each day that passes. I do not wish to be understood as saying that material means are the only ones which are bringing about these results, but as I have mentioned above man's natural philanthropy, I desire to emphasize that very important element in the best economy as a factor yet to be heard from in a voice as strong as nature. It was heard from the hills of Zion two thousand years ago from the multitude of angels who proclaimed unto the shepherds "On earth peace, good-will toward men," and it was again voiced by Him who said, "Love one another," which is the grand keynote of the Christian religion and of the sweet song of civilized well-being.

Is it any wonder that the world has made more rapid strides in developments pointing to a restored equilibrium since it has partially, at least, adopted the rule laid down by this great Teacher to "love one another" and read His certificate of character in the announcement of

the angels regarding His mission, "On earth peace, good-will toward man."

So well authenticated a Political Economist (I so characterize Him advisedly, being assured it will not be called a misnomer) should be received with awe, and His teachings followed, for I think the ages will prove that the Christ was the greatest and truest adapter of means to ends that the world has known.

According to this great Teacher, Capital in its broad sense is not only nature's resources in a material form, but every right impulse that is born.

CHAPTER VI

THE FUNCTIONS OF CAPITAL

"It is like a grain of mustard seed."

Premising what I may say under the above head, it is a proposition to which all will agree, that society (and by this I mean the whole human family) is not in a state of harmonious action, many and varied causes operating against harmony, and if we seek the prime cause of all those varied ones we shall find it in individual interests. I cannot emphasize this too strongly, because thus far, even those writers on Political Economy who are most esteemed as authority on the subject of Capital have invested it with a garment of individual interest so that it appears as a human science, rather than a principle of human life,-a thing propagated by man instead of the Deity.

This is owing,I think,to the fact that for the most part, writers on this theme have been metaphysicians, and their product has been a system of logic deduced,not from nature as she exists,but from external objects,-derived from nature, it is true, but derived from her by the manipulation of man.

Political Economy will not shun a truly scientific investigation, it courts such an exposition, but the truest scien

tific research is not found in a comparison of existing and equivocal conditions, or such conditions of a previous age, which at best are but transitory in their nature. To discuss our subject on the basis merely of private interests will not produce the harmony which should exist in a commonwealth composed of all nations, all individuals and all circumstances. Industry of some sort, is the principle of life and evolution that causes all growth, and this being true, industry is the parent of organization, so that every form of organization which human society exhibits owes its origin, though not its condition, to industry.

It will be remembered by those familiar with the history of our subject, that the Mercantile System, so called, (founded mainly on the economy of export and import, or Commerce and its effects) was noted for extravagant estimates of the value of precious metals, of foreign trade, and for exalting manufactures, or the working up of materials above the production of the materials, also for centralizing the workers in order to accomplish manufacture in a larger degree.

The government contributed to these ends, believing that in such means it beheld the forerunners of a great tidal wave of national prosperity. There is, perhaps, no reasonable doubt that this system gave an impetus to industrial activity, but it is apparent that it must lack the quality of permanency, since to

continuously work any material without constantly producing it must certainly exhaust and consume it. This is the law of nature and cannot be altered. The only remedy is in reproduction of the material. It was only, therefore, in immediate results that prosperity seemed apparent.

To illustrate this practically, I may be able in my business to make a very prosperous showing by comparing my assets with my liabilities. It seems my business is on a good foundation because the balance shows remarkably in my favor; but my reliance is, of course, in my accounts and bills receivable,-that being my source of new supply. Now if my accounts and bills receivable prove to be worthless my source of supply is closed, and the result is failure. That, in the long run, would have been the result of the Mercantile System.

But while this was seen as the practical outcome, the hold which the system had obtained was so strong in England, where its working had become the most extended, that no effort was made to check the tendency until France, whose interests were not so deeply involved in the system, sounded the warning, and Boisguillebert in his writings showed the rottenness of a system founded on the principle that Capital was a king, and all things were subject to his power.

This writer said in effect that national wealth is made up of <u>useful things</u>,

and he gives the products of agriculture the most prominent place among them, and while admitting that Capital is at the time ruling and governing trade, protests that it ought not to rule, being naturally the slave of industry who, having at the moment usurped her throne, ruled temporarily with the sceptre of a tyrant.

Thus as I have said, I am not the first to take this ground. But this author was not the only one, being followed by Vauban and Fenelon, the former of whose teachings I especially approve as showing that the worker is the basis of our whole social system, and primal production the most essential of work.

I do not find it profitable to follow other authors of those times, because it seems to me that for the most part they lost sight for the time of the underlying principles for the amelioration and improvement of the ills which cumbered and hindered industry, in their anxiety to apply the quickest remedy.

They forgot nature and her abundant resources and grasped the first apparent remedy which came to their hand, which they found to be the existing active state, and this was true in England, in Germany, in Italy, and Spain, while our own America, still young, simply accepted the common doctrine. This doctrine was, to use a concise word, Expediency, in the which permanent utility was not so much considered as temporal and passing interests. Thus I pass even Adam Smith, who

has been called the "father of Political Economy."

The writings of Malthus indeed gave impulse to right thought by tersely presenting the then present aspects of the social side, though in a manner which invites antagonism from his lack of charity in judging mankind and fixing individual responsibility, so that it was not to him, but to the antagonism his writings created that we must accord the credit, for he failed to recognize temperance (the adaptation of means to ends) as the best regulator of the great evil which he discussed,-abnormal increase in population.

I have not discussed, or even touched upon other phases of this subject in my hasty survey, neither have I given the great credit which must be accorded to these unmistakably eminent authors for having presented so fully as they have the more minute details of our subject.

My reason for this and my apology is, that in the handling of my theme I am dealing with expedients to promote the interests of man as an Agency and make him more fit to bear the name. Thus, if I may be pardoned, I shall pass John S. Mill in this connection, who though called the greatest and clearest expositor of the science engaging us, lacked, I am obliged to think with all the rest, the quality or faculty of tracing to its source the cause of present troubles and hence provided for them no remedy.

It is from mistakes arising from wrong organization that the troubles of present society have been born.

I might put this differently; it was from the individual interests of man that the organization of society began and not from nature's conditions. It is from the continuation of these interests that present conflict comes.

I believe it an error to attempt to solve the problem of economics by comparison one effect with another which we see wrought temporarily from a condition of society except so far as such effects are in perfect harmony,-not necessarily with any existing institutions because such institutions exist, but with spiritual, or moral truth, either in its primitive or else in an improved conception.

Therefore in discussing the functions of Capital, I shall not entirely confine myself to the methods of its operation in its present conditions, but shall try to show as well how it might operate under different and perhaps better conditions.

Capital ought in no case to limit or control Industry, but on the other hand Industry should control Capital, the latter being in truth its servant and not its master. That this will be plain to any one who will take pains to consider that capital cannot be used or vitalized unless Industry uses or vitalizes it. Capital from its nature can be nothing more than an agency used to effect cer-

tain ends and this is equally as true of nature's resources as of anything.

If I "apply capital" as the common speech has it, I do not in reality apply it except as an agent of industry. Of itself it would be inactive and without profit or the faculty necessary to produce. It is when I take hold of it and set it in motion as an agent that its utility is made operative.

The statement that the only productive powers are those of labor and natural agents is entirely correct, but natural agents are nevertheless subservient to labor in producing anything, being merely tools to be manipulated by industry whether they are money or exchange, buildings and machinery outfits, or wind and water; or to carry the illustration quite beyond the common latitude, good faith.

Every one of them is an agent only, and an agent of industry dependent on its master for its vitalization.

Perhaps no better statement can be given to prove this truth than the very words used by a great writer on this subject who used them, however, not to show Capital as an agency, and as the servant of industry, but its controller or limiter. I refer to Mill; he says "The food of laborers and the materials of production have no productive power: but labor cannot exert its productive power without them." Now food is capital, and certainly the most necessary capital that exists, yet we find that labor makes

food its agent, in order to have the power to produce. A point to be noticed especially here is,-that this prime agent, food, so absolutely essential to the power to produce, is quick to decompose and disappear if not utilized. Unlike industry, it has no power within itself to utilize its qualities which are of such inestimable value, but is dependent on industry to vitalize those qualities, and dies in the operation,-the natural means to an end which, having accomplished its work is consumed and its place taken by something else through the mysterious process of reproduction. Industry, however, still lives, and has improved through its agency just so far as it has developed on right lines: but as we have seen, it has been at the expense and consumption of Capital as its agent or vehicle.

One survives,-the other survives only through reproduction.

If Capital that is so constituted by the allotment of man to a given industry, or all industries combined constitute all the Capital that exists, then the proposition that industry is limited by it might be correct, but if on the other hand Capital in an inoperative form always exists without any limit, then industry has no limitations under it except what are self-imposed. In other language, if vitalized Capital is a product, as I have shown in preceeding pages to be the case, and if on this product is

dependent another product, then it is the duty of industry to vitalize or bring into life this necessarily first product in order to use it in bringing forth a second, and it is only because this is not done proportionally to the needs of industry, that any shortage in Capital can occur. It is only through a system of allotment that a limit to production can occur, as if Capital to any amount is always ready to my hand, I can operate with it, not to its limit, for it would have none, but to my own limit. It is the same with industry as it is with the individual; if Capital is ready to its hand it can develop in all ways as far as it can reach.

To create industry without Capital is manifestly an impossibility, since from the first effort which industry makes, Capital of some sort is evolved and joins the effort. This Capital which is evolved may not be immediate in its operation, but it is exchangeable in some way for what is immediately available. In other words, it is some kind of a product, and has some kind of a present value which, if nothing else will pay, nature will pay on presentation. It is only in misapplication of industry that this law can fail. If I plant seed, my capital on which I depend is the earth and I must wait for her to complete her part in her co-operation before I can get the product.

But nature furnishes me with subsistence as the immediate result of my indus-

try even then, without any "past production" provided I exercise wisdom, and instead of planting seed the whole day, devote a part to fishing, snaring or herding, so that if I apply my labor aright, I can increase my own capital by the accumulation which my harvest will yield.

So also in any employment, or industry. If I work a portion of the day for the accumulation of a fund and devote the remainder to my subsistence, the daily growth of the fund will be as sure as the harvest from planting in the soil, and if I use this growing fund judiciously, as nature uses my investment of seed, it will gain in the process as my seed grows in the soil, yielding me in proportion as I vitalize it the same as the seed will thrive by watering and cultivating.

But it may be said, suppose a man can gain subsistence for himself and those dependent on him only by filling all his time, where is the chance for accumulation in this case? I answer that in such a case, and I am aware there are many such exist, there has been something wrong governing that man's life, or else the system of government under which he lives.

I do not mean by this assertion to cast blame on the individual, for there are many possible causes outside his management; he may have sickness in his family; he may have too large a family to admit of saving, or indeed may receive too little remuneration for his labor. But in those cases the first only constitutes a break in the unity of nature's laws, and

it is a grave question whether this does, sickness being in very many cases traceable to undue indulgence in some way, either by the individual or in the pedigree.

In the other cases, the second may be due to improper indulgence and the last is the fault of the government of the particular line of industry in which it exists, whether from individual greed, overproduction of its fruit, or a competition with itself. The worker may suffer from the above causes without blame not only if he lacks knowledge of these truisms, but if he is incapable of acquiring that knowledge, which perhaps is true in many cases. Certainly man is limited in his capacity, and this in degree, some men having a much larger share than others. It is to these, according to their lack of capacity, that charity should be given: those incapable of fighting the battle of existence without aid, as we cannot ignore cases which come under our observation without ignoring or denying the kinship which exists between men, Charity does perform this work to a large extent, which is very much to the credit of society.

I have thus answered this assumed query and followed out the deductions therefrom to show that the principle of saving is not affected, such cases having a reason apart from nature's laws for existence, and being brought about from the acts of man, contrary in some way to

those laws. Except through education, I know of no remedy, since man is a creature of indulgence, and to indulge is to spend. "Whatsoever ye sow ye shall reap" and although not always does the sufferer do the sowing, yet some agency of man has done it and man must bear the penalty. It is only another, and a lamentable illustration of the principle of reciprocity, or of equilibrium showing the dark side instead of the bright one.

If I seem to be discussing sociology by thus digressing I would like to say that to discuss Political Economy without embracing social science would be to make bread without flour, the connection is so intimate the one with the other.

But I am endeavoring to show that industry is not, or should not be limited by Capital, and I go to some length in my argument because I conceive it to be one of the prominent errors in economic teachings, and among those needing correction the most. I am not alone in my attitude, being supported by eminent writers even in the 17th century.
(See Boisguillebert, whom I have quoted on a preceeding page.)

When Capital is stagnant because there are not laborers enough it is time to make an allotment of it to another field where laborers are to be had instead of increasing a population to that end,- which is taking that population.from one

section or country to give it to another.

I am aware that such a course is not the usual one, but it is, however, more in accordance with the beneficent plan of the Creator, who gave all Capital and all wealth into the hands of man to be used.

He does not specify the locality.

I care not how Capital is invested, whether in machinery, buildings, land, or otherwise, it is always found to be the servant of industry and it therefore supports it. If it does not there is something wrong in the handling of it. When all human beings are supplied not only with every present utility, but a great store also for future use, even then we have made no provision for all the ages to come. We can keep on, and never be in danger of creating a surplus of wealth if that wealth is a permanent utility.

I am not now treating on the subject of indulgences, but of utilities. If the entire wealth of the world was placed in the hand of indulgences it would not be a benefit, but an injury to society, but if it was placed in the hands of Utility, then indeed it would yield benefits beyond our present conceptions.

The true functions of Capital are, not to be used as a means to add to individual or national wealth simply as an accumulation or a display of importance, but to add to utilities, and this includes not only visible utilities, but also what we may call spiritual ones. Thus our subject is so far reaching that it embraces all

industry requiring either physical or mental effort. We need not concern ourselves about the amount of capital which we call live capital or its destruction from any cause, for the reason that it can, and will be replaced. It is only for us to judiciously allot what we possess so that it shall yield the most. If we decide that it will yield most when applied to the manufacture of a luxury we err in judgment. If we apply it to some purpose of utility we have chosen well.

The common distinction which is made is that circulating capital is that part which is exhausted or consumed in using, and fixed capital is that which is not so consumed, or at least not so rapidly.

It is sufficient to say that the latter is understood to embrace machinery and its shelter and tools and implements which are used in the processes of production but have the quality of being more or less durable. In broad terms, a plant, established by equipment for any industry. Any capital which is exhausted in the work and needs to be replaced is called circulating capital. It is a distinction without a difference, because as I have shown, all product is perishable, and hence there can be no fixed capital, whatever the variance between one kind and another being simply in the degree of permanence. If I devote capital to subsoiling or otherwise improve the land the benefit is of course more permanent than if I devote it to any object by

which it will be immediately consumed, as for instance labor, where it, or the large part of it, will be expended for subsistence and consumed. But in the case of the land, I have done only the same as he who plants the seed in the hope of harvest,- I look for my reward from increased productiveness or in increased value.

What I plant in the earth, therefore, is the same kind of capital as is his who plants seed, yet no one regards this latter as "fixed capital" but as circulating capital. That some sort of a distinction should be made, however, between such capital as has rapid movement and such as has slow movement is apparent, since we need terms to distinguish between methods of quick and of slow development.

As a better and more easily understood distinction I shall use the terms quick capital and slow capital.

Quick capital, being more active, soon dies from exertion and needs frequent reproduction. Slow capital, not being active, lives to a good old age if its health receives proper attention. Quick capital is what we live on and consume.

Slow capital is the reserve from which we draw.

From the foregoing definitions it will seem that the reserve can never become too great for the universal good. If I devote my capital to an improvement in the productiveness of land, and have thus expended some quick capital, it is well employed, even though incapable of quick

use again, as by my action I have added to the reserve. At the end of the season I shall reap my reward from increased product.

This must be equally true regarding machinery, If I invest my capital in improved machinery, its increased productive capacity will yield more in result, more bulk of product for general consumption, and hence cheaper product.

But it may be contended that by my investment I have thrown labor out of employment by causing the machine to do the man's work and that by so doing labor must suffer. This, I think, untrue.

Not only must labor be employed in making the machinery, in keeping it in repair and in reproducing, but by the increased product it must busy itself with increased distribution, which is a very good and beneficent thing.

Increased facilities lessen the labor of producing and yield labor more leisure, at the same time cheapening the product and this applies to all industry.

But this does not exhaust the list of benefits to labor. The skill which has been found necessary in order to work the machine most successfully has made the workman more necessary to his employer and should entitle him to more wages together with shorter hours, his skill constituting a capital of his own which should be capable of yielding an income.

To add to this, having more leisure, he should acquire a broader education in

economics and become conscious of increased value as an agent.

Labor saving machinery is in strict accordance with the principle of utility and its promotion by the adaptation of means to ends. There may be, and frequently is, temporary suffering because time is necessary to adjust labor to its new applications; but the transition is rapid.

That skill does not yet receive adequate reward is true, but it is no less true that as education spreads the skilful workman will reap more from having a better understanding of his relative position and his merits.

As to the investment of capital, it has been said that the withdrawal of quick, to invest in slow capital makes the employment of the whole of labor impossible.

I answer that not only is such change made from a surplus of quick capital, but it is frequently made from loans from external sources which cause quick capital no loss, as for instance through the formation of companies whose sole basis is a prospect not realized, which draws its fund from hoarded wealth in one way or another, but directly, so that it adds to the quick capital, much of the wealth of a country being hoarded, or unfruitful to industry. I refer to that species of capital which I have described as "floating" being as I there explained not only bank deposits, but any medium of exchange, including the "promise to pay" which may have for its security in this case, and not to abstract anything from

the existing quick capital, either land, or, if I may be excused what may be termed an extravagant statement, "the good faith of mankind." I say if I may be excused, but I only make this qualification because I know the ruling prejudice of men of finance at present against loaning on no stronger or more substantial security than good faith; yet I do not apologize, for I think there is abundant evidence in the world of industry that this kind of security is growing rapidly in favor. Witness with what ease large, and almost fabulous amounts are raised yearly for the use of missionaries, even when no return of the capital is expected. Witness also the great development of railroads, the opening up of vast portions of cultivation and enhancement of values in which enterprise has gone out equipped entirely by the quality of good faith as its basis. Such projects, which embrace only prospects, and depend for their development on the good faith of mankind, could be multiplied without limit almost, in our busy age, but they are not needed. Those already given will amply suffice. It may be said that the government, or officers of each corporation or organization are supposed to be the safeguards, which is true, but that they are not always so has been proved too many times to need quotation, which proves my position, I think, stronger than before, that the enterprise has for its basis simply the good faith of mankind.

I said that such projects could be multiplied, but these do not exhaust the list of organized employment of capital which has been derived from the same source.

Bank institutions, the strongest which are known to finance except government treasuries, are subject to the same condition. The reliance is not in the security which the bank vault yields, but in the good faith in its officers, and this again is proved by the same premises as above cited. There can be no doubt, then, that in certain ways, though confined and controlled at present by the conservative agents of finance, (and under present conditions perhaps rightly so), capital is created very largely on the basis of good faith in spite of the prejudice which on first thought exists.

In concluding my discussion of this aspect of the case, I refer to my previous statement that "floating capital" usually supposed to embrace only bank deposits, has even in this circumscribed limit ten times as much volume for the purposes of industry as has money, but by the addition of all capital which has only good faith for its basis we should be obliged to multiply this many times to arrive at the aggregate of this great and illimitible commodity, and I repeat what I have before said, that in this basis for capital, which unites wealth, influence and genius lies the hope of the world.

CHAPTER VII

UTILITIES CONSIDERED ACCORDING TO DEGREE

"They that be whole need not a physician, but they that are sick."

I have thus far labored to establish the following propositions:

That Nature contains within herself all the resources necessary for the universal happiness and prosperity of mankind; that man is the agency to adapt means to ends; that this agency works successfully only through reciprocity of interests, or industries; that all industries are productive and there can be no waste except through misapplication of means; that capital of some sort is always the means; that good will is by far the largest ingredient of capital; that industry being the principle of all life and evolution is the parent of all organization; that capital as means is a servant only and that industry should therefore determine its allotment.

That the purpose of its allotment should be to add to utilities, and that in the union and harmony of these utilities, embracing wealth, influence, and genius lies the hope of the world.

I shall now try to show in what ways the harmony is broken and in so doing we

shall find ourselves closely in contact with present life and surroundings.

It is doubtless true that present known forms of industry are handicapped in many sections by the lack of natural advantages, as is shown in a very able and minute manner by Mill, and as that writer says, the value of these is so obvious that no one is likely to underrate them.

But in judging of them by present known forms, for economics to attempt to grasp the means of a quick solution of such difficulties would be the same as for me to attempt to utilize that which is absolutely beyond my present reach.

In order to apply economic principles to other civilizations, we must know first how to begin, and this knowledge is gained not only by our own experiences and developments but also by accident, or discovery. We cannot determine what resources a country or section has until we know what constitutes resources, and in this age of rapid change we are learning that tomorrow will give us clearer insight into the mysteries of which nature is full.

We have solved many, but there are many yet to solve. Therefore to try to solve the question of what constitutes natural advantages from our present knowledge is manifestly a wrong course. We must depend on a higher degree of knowledge than we have yet attained to be able to determine whether we can judge all things, all peoples, and all sections in present economic lights. I have an abounding faith

that the Creator made all things for a purpose of utility which if not just now apparent will become so in time. Therefore I shall not examine climate, section, or peoples, either in respect to agriculture or mechanics, but pass on.

The human family have long been aware that something in its economy was out of joint, but until the surgeon has applied his art nature will not do her work in a perfect manner, If conditions are wrong they must be righted before society can rise to its highest state, and they cannot be righted unless each factor is made operative in the right direction.

There must be faith in each factor reciprocally, and that sense of honor and integrity also, without which no government or people can thrive, and without which faith can have no substantial basis. Secondly, good faith; and these qualities will furnish us with a firm ground work for our structure. We must build with energy and perseverance, not with sloth or relinquishment: thrift and abstinence, not indolence or indulgence: each unit in harmony with the whole, not a broken or disordered fragment. Then we must have courage and strength to endure, for it is to the strong and courageous that victory is given over obstacles; and lastly, our incentive to effort should not be indulgences, but utilities; not wealth, but knowledge, "and all other things shall be added."

Now we have the basis for our labor, whatever it may be, harmony being the strength and support of all institutions; and if we have properly stated the necessities, there ought to be among them one which will produce this essential quality. We find it in good faith. But this quality will not build of itself, and hence it is only in co-operation with all the others that it is vitalized.

Without considering natural advantages of location, then, we have as requisites, integrity from which is born good faith, energy, perseverance, thrift and abstinence, strength and courage, and our incentive is the utilities.

But in order to produce these the best there are certain requirements.

We must have aptitude and skill, and in these requisites we shall find rests all the distinction which should be made amongst mankind.

One man has an aptitude to lay out the work, another to carry it along, and still others to perform its separate parts, but it is in promptly answering the call of aptitude that true skill is developed in the work. Some work is simply routine in its character, and a class will be found of no higher degree of aptitude than the work requires. When work requires another degree of intelligence, this also will be answered, and all of the processes are graded, from the merest routine to the broadest variety, and minds capable of overlooking all the different grades.

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Thus the fabric of society is composed of multiplied threads varying in color and texture; in substance and durability, each being suited to a certain pattern, and nature and her products furnish the pattern. It is because the wrong fabric is applied that the garment is ill-fitting or unbecoming.

It is through lack of knowledge of these truths that people get misplaced in their vocations, and in this the great industrial classes are not alone. It is said of this latter class sometimes that their extravagant and indiscreet expenditures are due to a lack of good sense, which proves them unworthy of advanced station and recompense. If this be true, such imperfections would doom many an occupant of influential position to an inferior one,-yet I admit that such habits of life debar them from much higher, more satisfactory, and lasting enjoyments than mere indulgences can afford, and this can be remedied only by education, and leave it to society itself to say if precept without example is the best way to educate. If I desire to influence society, is it possible for me to do so unless I have its confidence, and can I have this confidence if I do not deserve it? Was there ever a moral effect produced by force, unless it was a spiritual force? Was there ever security so great as that engendered by love?

The history of governments shows us

that tyrants do not effect the amelioration of ills or evils. On the other hand they always augment them. It was the mild and beneficent sway that endeared Washington to his countrymen and posterity.

It was the doctrine of love that made the great Master and His example the groundwork of our present institutions, and so far as we have followed in His steps we have builded well.

But there is another aspect which I wish to present.

All the foregoing being true, the persuasion and practice of society would not yield a perfect evolution unless all factors in society were adapted to their work, whatever that might be.

There exists an incongruity in this respect which is responsible in a large degree for our present status. Too many men are in the wrong place, too few in the right one.

It is often the case that a preacher or a physician is not by his nature adapted to his profession. The principle applies broadly in the field of manual labor through every grade, and its fruits are disastrous to society. Every man should be educated so as to measure his own capacity or ability and should conform to the proper grade.

There is another field yet necessary to mention, and this is politics.

The large majority of those engaged in political life are not statesmen, or even good logicians. Many are creatures of

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birth or fortune, others of mercenary propensities, and a much larger number are ambitious of prominence above their fellows. Few, indeed, ever rise to the dignity of being recognized as great, yet the economy of a whole nation is affected by their action, if not by their utterances..

What safeguards can we have for our economics under the jurisdiction of such a body as this?

To sum up, then, if economic law is to be effective in its work in producing utilities of the highest order, and if we are to adopt the best means to that end, it will become necessary to commence with the intellectual and the moral side before we attempt the material, and this necessitates a renovation which extends through all the walks of life.

Society must be educated to know that human evolution is toward the best ideal; that such an ideal is not a subject for laughter or ridicule, but for deep and conscientious consideration, and in such knowledge we shall find a greater utility than in any other.

A sentiment may have no material substance, but it is more powerful in producing it than any power short of the Deity; and this implies that because a man is a teacher he is not excluded from the list of producers, but is, in fact, one of the greatest.

CHAPTER VIII

COMBINATION

"He that hath ears to hear, let him hear."

I shall take up this subject, not exclusively on the ground of manual labor, because it is a principle which is too broad for a limited discussion, it being one of many departments or divisions of production in the great field of utility. That there are occupations or vocations where combination is largely more effective than individual and independent application of energy in producing results, is easily conceded.

If all men worked independently of their neighbors how apparent it is that pure selfishness would be the rule of life. Our present advancement in civilization is the result of co-operation, or to use what I think is a better term, reciprocity. Yet I believe that a co-operation for the sole purpose of creating a larger production is very pernicious. Such a motive has its root in competition, is born of rivalry between man and man to see who shall get uppermost and crush out the life of his adversary. It begets strategem and I may say, fraud, as I shall proceed to show by an example in manual labor, that being the easiest of comprehension in illustrating my premises. Anticipatory to my illustration I shall say that the interest of la-

does not require that its employment shall yield the largest possible bulk in general commodities except so far as that bulk conserves its economic purposes and those of mankind, the real interest of labor being remunerative and constant employment.

If in my factory I employ a hundred men at certain wages per day, their interest lies in being kept in regular employment, not in the amount which they will produce; but if, instead, I piece out the work, apportioning to each man a certain part, and instead of paying him by the day I pay him a stipulated price for each piece produced, his interest demands that he produce as many pieces as he can, because on this depends the amount of his day's pay, and in doing this he does not spend the time which he would if paid by the day, and consequently does not produce so good a piece. Thus he has created a utility of less value. This is inevitable, whatever may be said regarding dexterity and saving of time.

It is a maxim too true to be disputed that "haste makes waste," and it particularly applies to the subject of production. If we have developed dexterity in an employment, it is equally valuable under the system of day wages as under piece work if the factor is trustworthy. His own interest should not impel him to work to the detriment of the product. The saving of time is not an important consideration. There is time enough for everything under the sun, and if we look

to our great teacher, nature, for our instruction, we shall find that she never hurries and never hangs a watch in front of her by which to time her work.

But let us probe the subject deeper, It is pertinent to inquire what is the incentive to a great increase of production; is it because mankind is suffering every year for subsistence?

If we examine the laws of supply and demand we shall learn they approximate so nearly that as has been said "their mutual adjustment is ordinarily effected with such precision that it may be said without exaggeration that a large city is supplied exactly with everything its inhabitants require, even to an egg or a pint of milk." Of course this statement is made on the ground that every man has the money to pay for what he wants, but if he had more the supply would be increased to meet his demand, so this does not alter the principle.

We are not here discussing supply and demand. We mention this to show that it is not the suffering of mankind which furnishes the present incentive to great increase in production. We shall be obliged to seek that elsewhere.

We shall, I think, find it in speculation, or in better language, in the element that first caused a division in the lot of men,-individual interests.

A manufacturer finds that by increasing his production without extra cost, through paying by the piece instead of

by the day, he can increase his profits.

But man through individual interest has become a close imitator. There is always a neighbor, and seeing this result he at once adopts the same method. They both go to market with the expectation of a larger margin of profit; but they find the condition of the market changed. The market is also aware of the increased production and knowing the only object of the manufacturer's visit is to sell, shyly waits for any concession it is possible for the manufacturer to make. The manufacturers now become rivals, and watch each other in their race for a customer, and finally,-still to outdo,-one sells below the former price of the commodity, making a price which, in all competitive trades is the one that will prevail, for here, as everywhere else, equilibrium is certain to sustain itself.

Thus the produce has been cheapened at the expense of closer application by the laborer who wrought by the piece instead of by the day. Following this there appears the question of comparable degree of utility produced. While it has been cheapened, there is grave doubt if its value has not also been cheapened proportionately. Every one knows that if I buy foot gear which is the most serviceable, I shall buy hand work, and also pay more for it. So likewise in the matter of other clothing, of tools and machinery, and even of houses. There seems to be but one place to which this cheap order of

production and quality does not extend.

This is in nature, who still goes on in the old way, never yielding to encroachments through advanced methods only so far as utilities are improved for greater produce outside of man's labor.

There is another agency through which increased production is effected. I refer to improved mechanical methods.

Here, we have the combination and co-operation of capital, machinery, and tools, and the skill of the workman. This agency costs labor nothing, and indeed it seems greatly to labor's advantage, as I have shown in a former chapter, giving the laborer more leisure, besides a capital of his own that furnishes him with a means of defense against the encroachments of greed and speculation, this skill, or knowledge which constitutes his capital being acquired with more ease and facility in the handling of mechanism than in the simpler manipulation of material by the hand. This agency, unlike piece work, is capable of making labor more lucrative without extra exertion, because it embraces within itself that quality which we call capital in the hands of the workman himself, which should increase his importance and make him to a certain extent coordinate with his employer in the division of gain or profit.

There is still, however, the danger of overproduction which threatens labor, and which is outside its control. This depends on the discretion of the employer, and it

is from the lack of this discretion that overproduction occurs, because a manufacturer does not knowingly overproduce for the sake of his financial interest, such a condition being to his own damage as well as to that of his workman. It depends, then, on the knowledge and discretion ..... possessed by the employer.

Now as we have arrived at the man's self-interest, and also the interest of all the labor he employs, it will be timely, I think, to look about for a remedy for an evil which affects a whole community or a nation.

Our subject is combination, or co-operation, and I have given my own term,-reciprocity,-as covering the same premises on a broader scale.

If we examine the annals of manufacture and trade we shall be astonished at the great lack of reciprocity in those departments of industry. Not only do manufacturers and traders vie with each other in the amount produced, or accumulated, but they exhibit such an extraordinary amount of zeal in selling that they continually, (to use a current expression), "cut each other's throats" in the process, going through with it simply for the purpose of being able to repeat by another large production, and learning the lesson of expediency only through financial disaster.

It is a grave question if, in those commodities constituting the necessities of life, overproduction is possible, since, if we keep careful watch of the homes of the

poor, we shall never find a time when all their wants are supplied or nearly so.

It is from their inability to pay that the supply more than answers to the actual demand.

In matters of taste, however, which we call indulgences, an overproduction may occur at any time when what people want, or what they may want, has had no proper estimation, and the supply has more than equalled the demand. This may be true of clothing, of boots and shoes, and of household wares, of whatever nature for convenience, because all of these are goods whose use can be prolonged so as to tide over any period of business stagnation or any money panic. There is a large class of commodities applying even more directly, as for instance articles of jewelry for adornment, etc., which canal-always be dispensed with, relying for their sale on the desire, never the necessity of society.

Food alone, then, those commodities absolutely necessary to sustain life, may be properly considered as something in which a real overproduction can never occur.

It is easy to see, however, that extravagant overproduction in the other lists will, through a general stagnation of industry, operate also upon food, but it is a sad conclusion which we must draw, since it involves the life and health, the prosperity and happiness of untold millions of people whose worst fault is that they are not well to do.

This, more than anything else, emphasizes the need which exists for an intelligent system whereby the real wants of a market may be determined. It is to the lack of right combination, co-operation, reciprocity of interests that chaos is due. Had the whole body in any given product combined for mutual advantage, compared notes, and regulated their production to what might be anticipated as the normal requirements of the market, or better still, as I shall outline more fully in a later part of my work, were there a government system covering all sections whereby correct statistics of all outputs were tabulated, available to all producers so that each could learn what their neighbor had done or was doing, no overproduction need occur and consequently no depreciation in price nor stagnation of their industry.

The effect of a lack of system was forcibly illustrated a number of years ago by the predicament in which a manufacturer found himself when crowded between a losing market and organized labor.

He said to the writer, "Goods are not in demand, I have a large stock which I cannot sell, yet my workmen cry pay, pay, and the moment I try to decrease their wages to compensate for my loss of margin and of interest the labor organization steps in and says no, so that I am forced either to suspend the work until the market gets regulated or else make

a loss."

My reply was, if such was the case, the workmen by the power of their organization had shown more wisdom among them than had their employer, since they had safeguarded their interests through combination, and their employer had not. If the latter had adopted a similar course the working would be similarly effective.

But this does not cover the whole of the ground. There may be, and through the skill or better facilities in a given trade or manufacture frequently is a small immediate advantage in margins before the market gets acquainted with the new condition. In this case increased capital makes a descent on it, avaricious for gain or profit greater than it is making elsewhere, and this takes from one industry to give to another, which is no better than robbing or pillage.

Enterprise, instead of being broadly distributed, centers where there is the most profit for the time, forgetting that for its own interest and for that of the community or state it had better stay at home. The mercantile system failed and died because it centralized industries, making the manipulation of products superior to their production. The poverty in the latter which the system brought about caused its decadence.

It is best for the interests of society, and individuals as well, to develop an industry at home, upon its own ground,

making no encroachments on that of its neighbor. Otherwise one industry may be crushed by its own weight, while another thrives because it is not in haste to become rich in worldly goods.

There will be found plenty of room for capital without its self-seeking. Let it remain expectant, but not uneasy, until the call comes. Industry in its normal state will always be found ready to pay it a visit when it is in need. To furnish it prematurely is certain to be to the damage of industry and usually to its own. Capital is meant to co-operate, not coerce, and when it attempts the latter it infringes on man's rights. In other words, let capital keep its place as a servant until it is bidden to serve, instead of reaching out to see if it cannot in some way usurp the authority belonging of right to industry and become its master. Then overproduction will no longer exist.

But it may be said that such a course would clog the wheels of activity because a vast energy is curtailed in its movement. This would not be true, because there never has been a time in the history of the world when capital want begging for investment if its owner was not avaricious, The battle has always been waged for margins. The uses of capital should be so nicely proportioned to its volume that it could never become scared or demand a bonus.

It may be asked, if such conditions are

possible, what is the remedy, and if I were unable to supply one I should not have a right to expose them. I answer to this, that the remedy is found in co-operation in the same way as I have explained regarding manufactures.

Industries should co-operate with each other for the purpose of gaining knowledge of each other's standing and requirements, and knowing the amount of capital available to the whole, regulate themselves, by creating whatever amount is short, thus equalizing the supply and demand without being obliged to import from a section which would demand a bonus.

In other language, to illustrate my point, Lockhart, in his life of Sir Walter Scott, relates that when he was forced to confess sometimes that there was no story connected with scenery or building which the great author desired to use in his work he would laugh and say, "Then let us make a story,-nothing so easy as to make a tradition," and so I say regarding capital,-nothing so easy as to make it, since nature furnishes it so abundantly to hand.

Industry should not allow capital to make terms when the latter is of so servile a nature and so easily reproduced or increased. If this were better understood there would not be so many "tight money markets" and Wall Street would lack occupation.

The office of economy is, not to provide for the wants or desires of a single individual or class, but those of the whole

community. What it demands, then, is not a combination or co-operation of technical branches of industry, for the purpose of gain, but a vast combination of all the elements of society, each yielding knowledge of its requirements and planning to meet them intelligently and opportunely without embarrasment.

The conclusion of this chapter is that man, in no less degree than nature, is a reciprocal agent, and all his faculties of mind and heart should engage in the work of adjusting every means to its proper end. This cannot be done by an individual, but must be accomplished through the combined efforts of manual laborers and employers and mental laborers as well. In short, as I shall show in the latter portion of my work, it can only be done by the co-operation of the government itself.

It is one vast scheme of reciprocity in conformity with nature's laws for the teaching of mankind as an agency, to lead man to his highest development.

If there are classes who do not understand, it is the work of the economist to make it plain from this standpoint, and political economy can never be said to have arrived to the dignity of a true science worthy the respect of scholars and statesmen, and worthy of the approval and adoption of the whole of society, until this method is followed in elucidating its principles.

CHAPTER IX

ECONOMY IN UTILITIES

"For every one that asketh receiveth; and he that seeketh findeth; and to him that knocketh it shall be opened."

I have striven thus far to pursue my subjects in a line with the best good to the greatest number, not by comparing one evil effect with another to see which is the better, but ignoring all that I consider evil. I shall still pursue that line under the present head.

In every comparison of utilities, population should be the first consideration, because from this only we are able to judge of man's requirements. I shall consider this first.

I do not agree with some prominent writers that population increases so as to double itself in about twenty years, even in the most favorable localities, since from a carefully prepared list quoted by Hamshofer, from Wappus, we find that in Norway, where the greatest increase is shown by him, it would take 61 years to double, and in Great Britain, 303 years.

This list was computed for the years from 1845 to 1855, however, and the rate of increase has advanced somewhat. By more

recently prepared tables it seems that in Norway, from 1860 to 1878, the rate of increase was 0.86 yearly and in Great Britain 1.24 while in the United States it was from 1870 to 1880, 2.61.

We have then as the greatest rate of increase in recent statements that of the United States. from which it appears that the population would double in a little less than forty years, and the normal increase all over the world would be much less, as immigration is no small factor in increasing population in the United States. That there is an increase, and a rapid one, however, is without dispute, and for that increase there must be provision.

The second consideration is the welfare of this large and growing family.

If man was content, as in ancient times, to live in tents and subsist on the natural fruits of the land, it would be presumable that nature would take care of the increase and provide sustenance. But this, I concieve, was not the plan of the Omnipotent, since man has been clothed with intellect above the brutes, and with intellect comes the desire for higher things. I believe myself, that this is the cry of the infinite within us, but this theory I will not enlarge upon, as it belongs under a different order of discussion. It is certain that desire is born increasingly with the growth of intelligence, apart from selfish desire even, and this being true we are to judge that de-

desire is natural to man, and not a human propensity unless made so. If it is not an unmixed good, it is not necessarily evil, and is susceptible to training and regulation. Hence we are to accept the theory that man has a right to acquire whatever nature will yield for his well-being.

If the bare necessities of life were all that were considered there would be left unnoticed a very large portion of the sum of the world's products. It might be possible to reason that these comprehend all that man ought to desire were it not that such mere subsistence does not tend to uplift man intellectually in any such proportion as do a variety of utilities, any more than does a bare and desolate spot in nature uplift the soul as her most beauteous scenery does.

From this latter illustration, therefore, we draw our conclusion that as nature furnishes such a pattern it is right that man should imitate it in producing not merely a subsistence, but an ample and a generous one, and add things of beauty as well. This must be the secret of the growth of culture and refinement in man's nature.

The multiplication of utilities, then, being in unison with nature it is excusable even if human beings did not increase, and when the increase is considered, the multiplication of utilities must increase correspondingly at least, and if it makes a greater advance there

is no inconsistency except in so far as mere idle or sensual indulgences mingle.

It is therefore a correct economy to promote whatever adds to utilities so long as there is a market for them, or a market can be created.

I have not laid stress upon that method of adding to utilities or products through increased efforts of labor, by divisions or otherwise, because I do not think this the true way to accomplish that result, which is, in effect, to make man the burden bearer for man. There are other methods which will do the same at less cost and better comfort and satisfaction.

Machinery as a factor for increasing productive capacity costs man nothing but capital. Whatever may be gathered from the atmosphere, from water, or from nature in any manner also costs nothing except to adapt and apply it to use. So it has come to that point where we utilize water to generate steam, put it in conjunction with machinery and do away with much hard manual labor, and this is economy. So in like manner with electricity whereby we have not only transmission of similar power, but also of message from one point to another to the furtherest ends of the globe, while at present the human voice is able to reach by the same means to a great distance, which will be increased, no doubt, as its power through this medium becomes more and better understood.

All the variously multiplied new energies thus brought into action combined give of so great number as hardly to be counted, and the advantages derived from them, in spite of the individual interests of men, tend always to ameliorate the condition of the humblest worker and even those who do not work. Their effects are irresistible as they sweep down through each generation with greater and still greater power and expansion, and not one human being in the broad raceway of human life but what is touched by the wave. If not today, tomorrow; if not tomorrow, just as soon as missionaries can draw from the borders and bring them into the fertile valley of evolution.

Thus joint stock corporations, from simply existing in the running machinery of a government, have come to be the principal motor in pushing the tide of civilization, with all its benefits, from sea to sea and across the sea, binding continents together and making all peoples one; have given transmission to person and intellect; have unearthed utilities hitherto unknown or inaccessable to man; have promoted the interests of capital, giving it a bounding elasticity and strength; have worked for the evangelization of men in a thousand ways, and in a thousand ways rendered assistance beyond computation for uplifting the human race.

They are not then, to be despised. It is true wrongs may exist under them; as in-

deed under all systems ever known, yet all such wrongs exist only because one man builds himself in wealth at the expense of another owing, more or less to the knowledge of each. If all men pay attention to the science of economy, understand its principles and apply them, all speculation between men as men will then cease. It is from the fact that one man knows a point of which another is ignorant in the operations of cause and effect that overreaching can occur. This in great utilities like those we are discussing is not because the utilities are evil; if any evil exists, it is in man.

If a large corporation operates to the detriment of the interests of the worker it is owing either to wrong or misplaced management. Either there is dishonesty or ignorance. In either case there are one or more men who are in the wrong place.

But this is no less true of the worker himself. It is as necessary that he be faithful, zealous, and economical as it is for his superior.

These are the first relations. After these come whatever utilities are subject to manipulation in producing others, such as are to be found in machinery, in concentration of plants, or adopting systems of governments in the division of labor. There is one system, if I may so characterize it, which is, I think, pernicious. This is the general dearth of opportunity for advancement among the hu-

man factors which, I apprehend, is fully as much the fault of the factors themselves as of their superiors, as I shall try to show hereafter. I have no doubt this system will disappear, since in our present age signs are abundant of its decadence, as the humble worker gains in the social scale, and this especially true in America and in England.

Utilities are created with the purpose that they shall work upon each other, and man is a utility, supreme in his might.

Providing, then, that there is no presen limit to the market for production, it is only necessary that man shall create utilities as fast as he can convert them to increasing advantages, and while there is any section or people who have a rich and a poor class, while nature still lives there is no limit to the market if capital makes itself elastic to effect an exchange.

I shall not make any comparison between methods of large or small production because I deem that a speculative rather than fundamental topic.

The matter of price of a commodity is of inferior moment if I have the easy ability to purchase. It is, or should be, always subordinate to that of the price of labor in any economic consideration.

Neither do I think it important to enter into detail regarding different fields of utilities. Agriculture, which I have left out of this present discussion, is an

important one. It has its field, and a very broad one; but here as in mechanics the same laws govern and like illustrations may be made. In the far Northwest of the United States, and sweeping down through the vast fields, there is ample evidence that large industries are fast absorbing the smaller ones. This was not so true fifty years ago as since wonderful inventions and improvements have been made in working utilities. Also in the South the production of cotton, though not yet perhaps brought to perfection, is advancing with rapid strides, so that "five-cent cotton" has come to be a by-word. When we reflect that it is but thirty-five years since the price was more than double, we shall see that it has decreased in the right proportion to the increasing wants of man by reason of larger population; nor is this all, for compared with the earlier production at the time referred to, the volume has nearly trebled, that of 1897-8 reaching the enormous amount of 11,180,000 bales. To revert again to agriculture, there have been greater utilities introduced, as for instance, reapers, harvesters, etc., which have wrought unparalleled production. I need not mention the late evidence of this in the great "Leiter deal" in the one article of wheat, which affected nations as it did individuals. All know without any comment, the vast resources which this "deal" developed.

Among industries, that of silk may be

incidentally mentioned, in the manufacture of which we have come to be so proficient in the United States that we can afford to buy the raw abroad, bring it here for manufacture and send it home again, the production of this commodity rising to the grand total at present to nearly $150,000,000 annually. (1898)

I might multiply these lists, but my purpose will be answered in showing that in the multitude of utilities there are none that go begging for a market as yet.

The improved and still improving condition of the workers in nearly every grade, certainly in every one requiring much skill, demonstrates the fact that all this is, so far, to the benefit of mankind, in enabling it to obtain better and more bountiful food, better clothing and shelter, better conveniences for comfort and happiness, more leisure for the cultivation of intellect, which in turn redounds to the benefit of man in spiritual truth, because the higher he rises in the intellectual sphere the more he can comprehend the vastness of the great power which has brought the world and all it contains, and still may contain, into existence.

Thus man is on the upward track. Whatever impediments still remain in his pathway his own efforts in evolution will remove. The grand truth he should keep in mind is, that by his endowments he has within himself all the qualities necessary if he uses them as utilities, and

this lesson is more important to the every day worker than to any other.

People may site Stewarts, Vanderbilts, Goulds, and Rockefellers, if they will, to controvert this view, yet these are from their conspicuousness proof that they are the exceptions, and from their humanity that they cannot benefit utterly to the detriment of the whole of society.

Good instead of evil must come from an abundance of wealth, and although it may be doubted if any one man is endowed with wisdom and discretion to utilize such great wealth properly, it is impossible for him to put it in circulation as capital without benefit to society.

Many men of wealth are beneficent in their endowments, and this, in an indirect manner, helps every man, and a large body, in a direct way. It remains a fact, that under American institutions, at least, industries are thriving, and if each man is not the possessor of wealth today, he is nearer such possession than earlier, and under poorer conditions.

It should be remembered that it is not what my neighbor has, but what I have, that brings content, and if I want, I should exert my mind and all my faculties to supply the want myself, through some channel which if not already open to me will open if I knock. Is it said it is not so simple as it seems? It may not be accomplished in a day or a week, but if methods are studied, economy is practiced, and health is assured, it will be in time, and that time depends on the seeking opportunity, not in waiting for it to come.

CHAPTER X

ECONOMY IN CONSUMPTION

"Ye shall know them by their fruits. Do men gather grapes of thorns, or figs of thistles? Even so every good tree bringeth forth good fruit; but a corrupt tree bringeth forth evil fruit."

We have, in our last chapter, arrived at a stage in our discussion where it seems necessary to qualify the conditions under which the growing prosperity of mankind, so evident at present, can be continued until it pervades all the grades of the social order and forces an evolution that will equalize all the elements of which it is composed, as it seems, if there was any plan in the creation of man, it must tend to such an accomplishment. The qualification to which I especially refer as being directly under the control of man is economy in consumption.

With all the utilities we have today, it has become an easy thing to produce. Wherever we look among civilized communities and, (barring famine or other accidental causes), we shall find an abundance of everything man can reasonably, and I might almost say unreasonably de-

sire, and it would seem on casual observation that while man continues his exertions there is no possible limit to this abundance. It is certain that no limit can be measured at present. Yet that there is a limit somewhere if man squanders his resources is only compatible with the principles of philosophy.

I mean by this, a limit at which point man must begin to retrench because the supply has become short. This is true, because all nature teaches us the law of equilibrium. The seasons roll around each year just the same nominally as they did when the sun first shone upon the world; the seas fulfill their courses as regularly; the sun, moon, and stars continue in their orbits, and nature gives forth in reproduction, never complaining unless abused by man. There is no reason to suppose from present aspects, that any of these will change materially.

The beasts of the field, the birds of the air, the fishes in the great deep, and all living things, with one exception, follow this universal law of equilibrium unless thwarted by forces greater than they can overcome. That one single exception is man, the being who by the high powers of mind with which he has been endowed is capable of exercising wise dominion over all the rest, including all the resources which nature supplies. It would seem that there is no limit to his dominion this side of spiritual life. This indeed, bounds his scope.

This, therefore, is the mystery. It teaches, or ought to teach a lesson: that man is not infinite in his human capacities; that he has this limitation on the material side beyond which he cannot go, and hence that he should court wisdom in adapting himself to his sphere as a material being and keep himself in conformity with all great and immutable laws which govern the universe or he will go wrong. Nature is his text book, furnishing him with the lesson which belongs to his present station.

Let him attend, for as equilibrium is the law of nature, it is bound to assert itself sooner or later in production, as in everything else.

Whatever can be gathered from the atmosphere, from water or from sunshine, as an appropriation does not detract from the possible supply, because these are inexhaustible. But apart from these which are inexhaustible everything is subject to decadence through continued use, even the earth, which, indeed, shows its deficiencies as readily as anything that can be noted as it to teach man the lesson of economy. As this is the primal source of nearly all production, it should in itself receive first treatment.

Holy Writ gives us the order of progression in the most excellent fashion. First, the creation of all material; next, light; then herb and fruit, and the sun and moon to regulate their growth, which was followed by the fish in the sea, liv-

ing creatures after their kind, and having thus prepared the way, man appeared as its inheritor as an agent, then came the command, "Be fruitful and multiply, and replenish the earth and subdue it, and have dominion over every living thing that moveth upon the earth."

There is a scepticism regarding the inspiration of this by Deity, but if it was not thus inspired, it certainly forms a scheme in progression which all the centuries have not been able to improve, and furnishes an ample groundwork for every human institution under its government. If, therefore, it was not inspired by Deity, it is a remarkable and enduring monument of wisdom, which all men will do well to respect, not alone for its antiquity, but for its present worth also, for it is still alive with suggestions.

But some of these sceptics may say there is no provision here for man's power over the air and sunshine from which we extract so much.

I answer that electricity, the greatest power yet extracted, has the earth for its motor, and without the earth so far as we now know, man could not utilize it. So, also, of all effects produced by sunshine, since if we take an airy flight in a balloon we have not risen greatly without entering air so rarified that we can scarcely breathe. Here again we learn that the earth is man's safeguard and the spot from which he must work.

Now to follow this phase of our subject

further, we find the command as given, "Be fruitful and multiply," and it is not inconsistent with the possible resources of nature.

I am somewhat familiar with the writings of Malthus and also those of Goodwin, which gave rise to them through a controversy over the latter between Malthus and his father on the general question of the future improvement of society. As some of my readers may not, however, be familiar with those authors I will say that Goodwin founded his doctrine on the ground that the evils of society are due to its vices.

Wealth abounding, it is evenly distributed. Not only should it be divided, but labor also should be, and he thought that from such a division there would be enough for all through little effort, and man would thus have leisure for intellectual and moral improvement, and reason would establish her sway, governing all human actions and resulting in the perfection and happiness of mankind.

I do not uphold this view if the division is to be an arbitrary one through which wealth is made a sudden victim to circumstance. If such a state is to be accomplished, which I think we all hope may sometime be the case, it should be through peaceful evolution, and not the result of forced action which would end in anarchy.

I shall treat of this at further length hereafter.

Malthus, however, opposes the doctrine on

the ground of limitation, and he endeavors to show that increased population would precipitate that limit and make the practice of such a doctrine impossible.

His is not a scientific exposition, nor could it be, since for its base he could do no better than to judge from past and then present conditions, leaving out, of course, all consideration of what popular education would do in teaching mankind not to exceed their natural powers of reproduction. It is a well-known fact that the human body has its limits in sensual habits, any over, or extravagant indulgence being invariably followed by numbness, and sometimes loss of faculty, weakening of physical and mental stamina, which is not alone injurious to the individual, but to his posterity also. If mankind has not yet learned this truth it is being learned with every advance in education and enlightenment. Organizations are today alive and active for the promotion of social purity, and have adopted (I had almost said announced), as gospel creed, "that every child has a right to be well born," and under it Frances E. Willard preached widely on the sacredness of the married relation, the purity of home as the basis of the laws of heredity,-a growing science which I hope will spread rapidly and show man his great responsibility.

Man, instead of weakening and debilitating the body, should strengthen and fortify it, "till some heroic era bids it wake

to fill the world with echoes." Such echoes are found in the generations that succeed him. Not one generation, nor two, but many. Is this a lesson in moral restraint, you may ask, I answer it is more than that. It is one of those spiritual lessons which, if we neglect or fail to understand, will make us sufferers. Not us alone, but others. It belongs under the laws of equilibrium and cannot be broken without damage. Excess of indulgence is a sin, and "the wages of sin is death."

The law is to increase and multiply, but if I destroy or debilitate my body I cannot transmit to posterity the vigor with which I was clothed, and if my posterity grows no wiser our race will die after a few generations. This is the only way in which the doctrine of "the survival of the fittest" will apply.

If I am ignorant I should not become a victim. If I am unable to grasp the importance and the potency of the subject from my own circumscribed standpoint it is clearly the duty of my fellows to try to save me just as truly as if I were drowning. The better society of mankind cannot excuse itself on the plea that it is the fault of the victim and thus shift the responsibility.

From the foregoing premises we deduce that in reproduction, as in every other thing, there is a principle of economy that must be safeguarded in order to be able to fulfill that part of the command, "Be fruitful," and if it is not safe-

guarded nature's equilibrium is broken.

What is the result? Overproduction of man has been brought about in giving license to passion or indulgence, and if in excess to other forms of production it becomes a consumer that will destroy some other products in time, or make them short for man's enjoyment. But this does not exhaust the subject. The same license will beget in a posterity such lack of moral and physical stamina that it will not apply itself to production with that vigor we see manifested in nature, and this again will throw production out of equilibrium. The more idleness there is, the less accomplishment.

There are two sides to production, material and mental. By material I mean, all that is consumable; by mental, all that is inexhaustible. The one is temporal, the other spiritual; the one yields its life in its action, the other lives, to go down through later ages to the benefit of man.

It is to this latter that we owe our present advancement, not to the things exhausted by use. Therefore, the decadence of mental vigor, strength, and integrity is a sure sign of decadence of the physical.

This is illustrated forcibly in the rise and fall of great powers.

While equilibrium is preserved by governments or nations, well-being is the result. When the equilibrium is broken through the predominating influence of individual wealth, or other causes, an insidious foe creeps in in the form of vice

under which license in all forms stalks abroad and shortly becomes the most familiar figure in the community or state. It engenders lust, greed of gain, indifference to want or suffering, indulgences of every sort, and the consequence is enervation. It was true of the Roman empire; it has been true of every people who failed to promote the public good since the world began. Once a people have lost their balance, we can easily see that had economy been the practice instead of indulgence the calamity would have been averted.

A general knowledge of the foregoing and all that it implies can only be spread by means of universal education, for it is more through ignorance than intention that ills occur.

When man has been taught that to curb his indulgences absolutely promotes his enjoyment, both in physical and mental vigor, yielding him not only a higher order of happiness but a larger amount as well, his own nature will cry out for a reform; and instead of a weak and inefficient population doubling itself in forty years, a better and stronger will double so seldom that there need be no fear of exhausting nature's resources.

Man will also be influenced by a proper knowledge of consequences, both present and future. Not only will prudential reasons actuate him through fear of want and the loss of social status, but beyond this a fear of physical disability in his son.

We have now finished our consideration for the present, of man as a product, capable like all other products of reproduction and subject like all others to the operation of economic laws.

I shall now discuss another product under the head of economy in consumption intimately connected with man since it is the elastic spring that keeps his energies in motion. I refer to capital.

It is not true that man's existence is dependent on capital in a votalized form nor that any industry is necessarily limited by it except as it can be created. In one sense, it is the result of saving, but in another it is simply the surplus that nature is willing to furnish as a reward for man's industry to stimulate and encourage, and is fully as often a surplus above want or requirements for present need as it is strictly a saving through abstinence; although it is from abstinence that it accumulates, abstinence is frequently the result of surfeit. After a want has been satisfied (to place it in other words) there is no virtue in abstinence, since it follows as a natural consequence.

I think, therefore, that capital has been clothed by some writers with more virtue than it possesses as it exists in abundance from the natural workings of industry as well as from other varied sources. It is correct, however, to say that material exists in ampler abundance according as man abstains.

I shall base no argument on profit as an inducement to savings, If the desire to accumulate is to be called a moral attribute, this inducement must be ignored, as, if profit be the incentive, it is not moral, but sordid and selfish.

Neither shall I gather historical facts from statistics applying to certain conditions of communities, which although perhaps interesting to some readers, establish no solid result which is not patent from observation of the working of capital under our eyes every day.

I conceive our subject to be one of the most important in political economy, if not of supreme importance, and a mistake which I think all writers make whose works I have examined is in a misconception of its methods of accumulation.

It is not, in a moral sense, the result of savings. If one example can be adduced where it has been the result of savings I promise to adduce a hundred where saving has not produced it. In truth, in the great majority of cases where capital has been accumulated by individuals or corporations, the quality of saving is hardly practiced.

To illustrate this, let us consider what class of people it is who accumulate. Is it the humblest worker, who, with his good wife, is constantly devising ways by which extremes may be met; who struggles each month to meet his rent; who wears a suit of clothes until it is worn out; who

carries about with him the marks of toil in the palms of his hands as evidence of his earnestness in the work; or is it he who wears good clothes, allows indulgence to his appetite in numerous ways, lives in his own house, and keeps his hands unsoiled? Which is it?

Is there any doubt that saving, as it is known to the humble worker, is almost an unknown attribute with him who is accumulating capital?

I need not dwell on this point, for every impartial reader will readily concede that the humble worker labors far more to save than the other.

My next proposition is, that capital is not the result of virtuous abstinence.

I say virtuous abstinence, because abstinence from food or from any other product after one has had enough cannot be a virtue.

But does the humble worker save from abstinence when his wages only suffice for the barest subsistence? I take the extreme case because it is the groundwork of the labor system, and any amelioration, I think, comes from better remuneration, and is followed, not by abstinence, but by indulgence in better food and clothes and accoutrements for comfortable living.

If this applies to the great majority of cases it becomes a fact. Does it apply?

Capital, then, is not created through a moral attribute unless it is the result of moral restraint in abstinence and sav-

ing. I believe I have shown that it is not so created. If, then, it is not the fruit of the practice of moral principles, how is it created? Have I not rightly characterized it as the surplus that nature is willing to contribute as a reward for man's industry.

It is because profit, or individual accumulation, has appeared that this surplus is diverted from industry, its proper owner. For if it is, correctly speaking, the reward of industry, certainly it should belong to industry; not that sort which exerts its energy in making capital from capital, but that which is worthy; that, indeed, which produces in the most direct manner, not by preying upon the interests of other men, but by adding to utilities.

If industry should be its owner, it should receive more fully in its distribution; and if such is true there is no room for individual profit except such as accrues from, not the smartest financeering, but the worthiest worker in industry.

How, then, can a renovation in system be accomplished?

I shall discuss this subject again and endeavor to answer in a substantial manner; but before I leave it I wish once more to enforce what I conceive to be a grand factor in the creation of capital, the good faith of mankind. With this factor active, whatever the condition of the earth or the atmosphere in any special

season, whatever unforeseen calamities may come, whether earthquake or flood or fire, howsoever the market may be affected by temporal overproduction, capital will never be short, will never stagnate, will never demand a bonus for service, and consequently we shall have no panics.

I would not approve or encourage the strong desire for accumulation, therefore, which some writers ascribe to "intellectual and moral causes." I would prefer to inculcate the really moral and intellectual, and also spiritual desire of preservation, for as I have shown, it is not from saving or abstaining that capital is accumulated, but from preserving. If I store merchandise in my warehouse for future use or sale, it is not because I have saved it from consumption, but because it was not needed at the time. The virtue, if any there is, is in not setting my storehouse on fire or otherwise destroying it. I do not think this a virtue, since it is repugnant to man's nature to destroy what he cannot replace. I call it, therefore, man's natural instinct, preservation being one of the organic laws of life.

I am willing to make this one concession which, however, the observant reader will not have failed to notice running through the previous pages, that industry must be faithful and zealous in its operations. Scarcely a work exists on political economy that does not lay the blame of inefficient production to the

lack of these virtues, and they are right in so doing.

A stagnant or stationary condition, either in industry or capital, should not exist. If in the former, it is from the lack mentioned above; if in the latter, it is through fear of diminished returns, so mean and unworthy a motive that it should be discountenanced and disgraced by society.

In closing this section of my subject I will only add that the position here taken regarding the accumulation of capital is sustained by the existing conditions of two of the most advanced countries on the globe, England and America. In both these countries even prodigals abound, economy and provident saving is most moderate in degree; and this is not only true of the well-to-do, but of every class, including the very poor,-in short, every man, woman, and child, almost, seek such indulgence as they can pay for, and many exceed this limit.

Yet in spite of this, in England we find that wealth and capital abound and capital is constantly seeking outside fields for its employment both in America and in her colonies. It is not rare for us in America to hear of the formation of a syndicate of "English capitalists."

In America we need cite no other proof of prosperity and abundance of capital than the recent floating of a popular loan of $200,000,000 among the people,

to the exclusion of banks and corporations, and the speed with which it was accomplished without creating even a ripple on the great ocean of prosperity.

Indeed, if a tax was imposed by the government sufficient to pay our national debt in a single year, it could be paid and the surplus would be so far from exhausted that the general public would hardly notice the disturbance except while it was passing.

What an abundance is this, and it has been wrought out amidst plenty, not by any means through saving or abstinence, but simply by preserving what we have.

Had either of these countries cultivated saving and abstinence instead of indulgences, what, think you, would have been the volume of present capital, even that which materially exists?

Might not every present capitalist have possessed as much as he now does, and from the saving would there not be enough to furnish every man with a greater surplus than he has?

I shall now pass to the last phase of my subject, which is the earth's capacity for production.

Land is a term not so easy of comprehension from my standpoint as the earth, because in dealing with my theme there are many situations to which the mere term land will not so aptly apply.

It has been and still is my purpose to show that there is necessarily no limit to production, although in the reproduction of the human species as discussed, I tried to show that a limit should exist from rational and economic motives.

I shall now try to show that there is no assignable limit to the possible productions of the earth.

I do not mean to say there is no possible limit to the production of coal, because we believe at present that coal is an exhaustible commodity, neither do I mean to say there is no limit to any product known to be exhaustible in its nature or where its field is already circumscribed or limited. What I do mean, then, is that there is no product, either coal or other exhaustible commodities that cannot find a substitute somewhere in nature just as well suited to man's wants,-perhaps better.

We are apt, in considering any great question, to base our calculations upon present conditions or environments, forgetting that man as he advances changes in his tastes and habits and consequently in his nature.

I do not find myself able to coincide in all the views of Darwin regarding evolution, yet that great truths underlie much that he has propounded is conceded, I think, by all truly scientific minds.

In what he has to say on variety and selection I find some matter pertinent, however, to the present subject. I quote

partially from it. He says, "From the high (geometrical) rate of increase of all organic beings (slow breeders only requiring a few more years to people a whole district), struggle inevitably follows, either one individual with another of the same species, or with the individuals of a distinct species, or with the physical conditions of life. It is the doctrine of Malthus applied with manifold force to the entire animal and vegetable kingdom, for in this case there can be no artificial increase of food and no prudential restraints from marriage. Eggs or young animals suffer most, and plants, mostly as seedlings, both from germinating on ground already occupied and from animals. The amount of food, of course, gives the extreme limit of numbers, very frequently, however, the attacks of enemies, as of game by vermin. Climate plays an important part, and periodical seasons of extreme cold have destroyed as many as four-fifths of the birds of an observed area. Epidemics, too, may occur. In many a species a large stock of individuals is often necessary to its preservation. Complex and unexpected checks and relations exist between organic beings which have to struggle together: witness the profound alteration of the flora and fauna of a heath when planted with Scotch firs, these again being wholly dependent on the exclusion of cattle. But in several parts of the world insects determine the existence of cattle. Again,

red clover depends for fertilization upon the bumble bees, these upon immunity of field mice, and thus indirectly upon the number of cats; hence no bees, no clover, and the more cats, the more clover. ******** How will this struggle for existence act in regard to variation? Can the principle of selection, so potent in the hands of man, apply under nature? Most efficiently: for when we bear in mind the constant occurence of variation, with the strength of the hereditary tendency, also how infinitely close and complex are the mutual relations of organic beings to each other and their physical conditions of life, and consequently what infinitely varied diversities of structure might be of use to each being under changing conditions of life, can it be thought improbable, seeing that variations useful to man have undoubtedly occured, that other variations, useful in some way to each being in the great and complex battle of life, should occur in the course of many generations? And if such do occur, can we doubt(remembering that many more individuals are born than can possibly survive) that individuals having any advantage, however slight, over others would have the best chance of surviving and procreating their kind? On the other hand, we may feel sure that any variation in the lesser degree injurious would be inevitably destroyed. ****** The probable course of natural selection may be understood from a country undergoing change of climate. The proportional numbers of its

species will be changed; some will probably become extinct; and these changes would seriously affect the others. Immigration of new forms might occur, with further serious disturbance; or, where this is impossible, we should have places in the economy of nature which might be better filled up. In such cases slight modifications which in any way favored the individuals of any species, by adapting them better to their altered conditions, would tend to be preserved and natural selection would have free scope for the work of improvement. Moreover, changed conditions increase variably. As man produces a good result, what may not natural selection affect? The former acts only for his own good, nature for the good of the being itself: man in mere external characters, nature on the whole machinery of life: man irregularly and imperfectly for a short time, nature by accumulations during whole geological periods. Natural selection is daily and hourly scrutinizing, throughout the world, the slightest variations, rejecting those that are bad, preserving and adding to all that are good, silently and insensibly working, whenever and wherever opportunity offers, at the improvement of each organic being in relation to its organic and inorganic conditions of life. It may act on characters which we are apt to consider of trifling importance, and its accumulation of small variations may set

unexpected correlative changes. It may modify the egg, seed, or young as easily as the adult, the structure of young to parent and of parent to young, and in social animals it will adapt the structure of each for the benefit of all. The theorem of natural selection is next illustrated (1) by supposing the formation of swift varieties of wolves, much as greyhounds have been developed by man; (2) by reference to the excretion of nectar by flowers, its use to insects, the action of these in carrying pollen, its advantages in intercrossing, and the resultant modifications and adaptation of flower and insect to each other through the preservation of their advantageous variations.

Circumstances favorable for the production of new forms through natural selection are of great variability, large numbers of individuals, the complex effects of intercrossing, isolation in confined areas (yet probably still more extention over continental ones, especially if oscillating in level) and considerable lapse of time, although this by itself must not be supposed to do anything (as if the forms of life were undergoing change by some inate law) but merely to afford increased opportunity for variation and environmental change."

It will be observed from the foregoing that with all these manifold variations, changes, and selections continually going on, a vast field for substitution is

opening more and more as man advances.

Who knows or can guess what will be the preferred diet of man at the end of a thousand years? How many of the present kinds of food will be preserved as a species and how many new ones will appear? Again, how can we measure man's requirements by the present? We must consider whatever organic changes may occur in him, as well as in the food which may be available. Substitution is so great a law that it may embrace not only all product man uses as sustenance, but also man himself in his structure and habits.

All these considerations are apart from the principle of reproduction, that principle so broad that, as yet and I apprehend for many millions of years to come, it will be as absolutely beyond measurement as it is at present.

To conclude, there is but one more point to consider, and that is the relative cost of production, one age with another, and I shall make this consideration a short one.

The developments in mental product are so rapid in the shape of new inventions that they are far outreaching the proportional increase of population in their efficiency, both in bulk and cost, and are just so rapidly increasing capital with which to work, forming a double lever power for action in producing. These are statements beyond speculation, the increased fruits of production being so plentiful that in no place where civilization has gone can the eye fail to perceive accumulation. This brings to our

summary on the subject of production.

I shall recapitulate as briefly as possible, the successive laws found to govern production for man's best good.

First, there must be nature and her resources.

Second, there must be means to adapt them to the wants of mankind.

Third, Man, aided by his consciousness is the means, and therefore, the parent of industry.

Fourth, there must be reciprocity of interests.

Fifth, there must be economy so as to avoid waste.

Sixth, there must be a vehicle of exchange which we call capital.

The foregoing constitute the necessary foundations for all human organizations.

Acting under these laws are the following.

Industry being the parent, has the right to exercise supreme authority.

It should make its own allotment of capital, and solely to the end that utilities may be multiplied.

Necessary to this operation are these qualities,-Solid integrity, Good-will, energy and perseverance, thrift and abstinence, harmony, which begets strength and courage, and the one common object to produce Utilities.

The qualifications for distinction are found in aptitude and skill, the first being an existent state and the latter an acquired one. Each factor must learn his

place through education, and fill it.

The qualifications for economy are an immense reciprocal combination of all classes and conditions of men, and the necessities are temperance in all things, for present good and that of posterity.

Under this head are sensual indulgences, whatever they may be.

We have found that there are certain ameliorations for what may seem the rigidity of those doctrines.

Capital has been found to be a reward which nature is willing to bestow on industry, not a saving through abstinence, but a surplus above want. There is ample room for discretion as to what shall be the limit of our indulgence, present conditions showing that the surplus is capable of illimitable increase in proportion as we exercise prudence and preserve it from destruction.

And finally we infer, from what we believe to be the current thought among advanced writers, that if nature ever refuses to yield her profuse gifts in one respect, she will adjust the balance through substitution in some other respect and so sustain her equilibrium.

Having now shown the great scheme of production witnessed in all walks of life we shall be prepared to examine the methods of distribution and see whether they are in accordance to these laws, or otherwise, and attempt to adjust whatever inequalities may exist to a consistent plan.

CHAPTER XI

DISTRIBUTION OR APPROPRIATION

"Therefore all things whatsoever ye would that men should do to you, do ye even so to them; for this is the law and the prophets."

If we have proved the premises laid out in the foregoing pages the student will have learned that there is no limit to the expansiveness of production so long as nature exists in the present form, the only condition which governs production being man and his inventions as agencies.

It would seem, then that man has his option, and the largeness of the results depends on his energy and skill, and on his economy in using one form of production to create another.

Having produced, the enrichment from it will be found to consist in that which he has preserved, either through virtuous abstinence, or from prudence in restraining any propensity to reckless destruction.

It follows, therefore, that in the distribution or appropriation of such great wealth as is possessed by man there ought to be a plan whereby the same law

should be supreme as in the production.

That law is equilibrium. It is a principle on which all are agreed that no appropriation can be made unless by the consent of society. I do not abridge this right of man, in any degree, in favor of the individual. It is a prior right of the whole body of society to settle the methods of appropriation of its possessions, or the right of the majority. In organized human society this right can be protected only by having the most unselfish, and therefore just administration of its affairs, because to have other than this, the very assumption of authority projects at once the possibility of misappropriation, and this once begun there is no end, since from nation to nation and thence to state, it would naturally follow to the individual. It is in this fact that we find all the differences that rule in different countries, and between different communities and individuals.

I have already shown that accumulation, instead of being the result of saving through abstinence is the result of preserving instead of destroying. It was this no doubt which prompted civil authority primarily, and gave rise to an order of society in which one portion governed and the other was subordinated.

The system was born from man's warring on his neighbor, an organization to repress this becoming necessary to prevent

barbarous encroachments. Thus man sought protection from war and encroachments, resting his ground for defense on the first and instinctive law of preservation.

It was a step innocent in itself, but capable of being stretched to the length of a league, and we find the result of this elasticity in our present expanded notions of individual rights.

From its inception, it presumed, and we may say attempted to guarantee private rights, and from the discrimination thus made was in favor of one class and antagonistic to another. But it will be observed here that the first step was in its nature right.

The aggressor was he who trespassed, and in doing that he ought to be amenable to some form of government.

It will be well, therefore, to dismiss any prejudice or sympathy we may have in favor of either wealth or poverty, since from the constant changes that have occurred in human society since its first organization, and still occur under our observation, we find the individual of wealth of yesterday may not be so today, and contrariwise.

Further than this, if it is our own desire to have an abundance of comfort and happiness, or the means of attaining them, we need not attempt to ostracize those who have such from the ranks of men, any more than we should attempt, if it were possible, to rob a man of his learning.

It is better to see, if we can, how we

may attain to that state without disturbing those who already possess.

If we arrive at a just solution of this problem, those among the latter ranks who are unworthy will rapidly disappear or fall to their proper level, and so assist in the general average.

I will premise upon this point of general average that an exactly equal division of all wealth will probably never be made. I mean by this, that what is wealth to one individual may not be so to another. There is great diversity of taste and requirement, and besides this there is, and perhaps always will be, a difference in desert. One man does not deserve so much as another, for one man is not so virtuous as another.

The great leaven to accomplish a general average, if it ever is accomplished, will be education. Already the gap is much shorter between rich and poor in this respect than formerly; already it is often hard to distinguish from conversation whether a man is a mechanic or student,-in truth it is so frequently the case that he is both that it is no wonder. Many opportunities have been opened by wealth itself looking to such an end.

I mention but one at present, the free lecture system now given under the auspices of the Board of Education of New York City, in which there have been given, according to a very fine article by S. T. Willis, in The Cosmopolitan for Oct.,

1898, 8,154 lectures delivered by learned and talented men on a variety of subjects, to a total audience of 2,890,495 persons, largely made up of the working people. I shall refer to this subject again in its place, mentioning now only the possibilities under such a general system in all communities, its economy and usefulness, as shown by this writer.

Many and various attempts have been made to establish in some degree, or to some extent, a general average in appropriation, some according to one plan and some another, and locally there have been some successes attained, at least temporarily. Some systems have gone to decay through inefficiency and some still survive. It will not be beneficial to trace the failures, because there is probably none among them adapted to man's present civilized condition.

The two principal systems now existing are communism and socialism, each of which more or less amalgamates the doctrines of the other, with perhaps a general verdict in favor of the latter. It is certain that socialism has within it the germ of a better order of society. Thus far, however, it has been a field of experiment rather than demonstration.

Whether a village community or an international organization, it will be found that the one principle common to all is the antagonism of labor,-not to capital itself, but to capitalists.

Such an institution is fundamentally in

the nature of a revolution, either violent or simply aggressive, in its measures intended to do away with private and competitive capital, and necessarily it seeks to bar out the present ruling factor in society,-the man of right and power.

This must be its tendency, since while it finds fault with capitalists for discriminating against labor, it proceeds directly to discriminate against capitalists, which, were its ends attained, would still from its craving again create capitalists in its own ranks, although they would be different ones.

There is another fault, and this consists in the failure of socialism to accord due credit to natural aptitude or skill, and although they acknowledge that these exist, they do not make allowance for them.

This is manifestly wrong, because any natural or acquired attribute certainly has its just price, as truly as does labor that is called manual. I doubt if any reasonable socialist would be willing to share equally with a notoriously inferior being, either in goods or in social intercourse, when it came to the extreme division.

There are as truly affinities which bind men together as there are material interests, and it is only as man is amalgamated and fused, one with another, each guided by inspiration, that affinity can grow. Mankind must reach a vastly higher grade of development than it has yet, to

make this possible among all classes and conditions.

But if from the difference in my nature I cannot grasp that enjoyment from constant intercourse with one that I can with another, it does not, and ought not preclude the existence of a mediatory agent, whose office is to promote harmony through consideration one for the other.

Hence, though all men are not adapted to a common community in the sense of each being all to every other, it is possible to assimilate on one broad platform, -that of brotherhood and love in the wide conception of these qualities, leaving the question of the closer affinities to settle themselves within themselves.

So also with goods. Were the doctrine of exact equal rights carried to the extreme point it would be found that each man must be apportioned out of a common stock regardless of his tastes or absolute requirements. How extremely ridiculous this would be in the matter of medicines, and how absurd it is, when we view the subject from this extreme standpoint, to attempt to abolish and scatter the whole sum of natural distinctions and selections of society in the aggregate.

In all true progress, we must keep in union with nature, and the above would be inconsistent with her laws.

One of the most wonderful truths manifested in reproduction is that no two beings are alike. However closely assimilated, there will be a difference observa-

ble in some respect. It is true of bird, insect, beast and every living thing however minute; it is true also of tree and shrub, and of all varieties of vegetable life; of the rocks; and the earth in which they are imbedded and perform their extremely slow growth, and true of the atmosphere in its variations, and of the stars. Nowhere can the eye of man discover a perfect similitude between two atoms.

Would it not be inconsistent, then, if man formed the exception?

When socialism enunciates its doctrine as intended to accomplish the greatest general good, it becomes necessary to look, not only to the amelioration of burdens that manual labor imposes, but also to the preservation of rights which man has owing to natural distinction in organism.

I hope this discussion is not understood as defending one class against another. Let it be understood of this, as of any other discussion of the rights of man, that no extreme action can be taken either for or against which will not operate upon members in both and all classes. Whether the one be manual laborers and the other capitalists, it will never be true that action can be taken separately-applying the principle in its broadest sense. The general good must be supposed to include the good of the capitalist as well as his employee,-the difference being in the degrees of distinctions

among these latter, as well as the distinctions among mankind in general, to the exclusion of any class system whatever except such as those distinctions make inevitable. Nature abhors revolution as reactionary and damaging, yielding to us, instead, the spectacle of constant evolution, peaceful in its work, yet so potent that nothing can stay its progress.

I may without censure therefore, point out a few of the measures in which capitalists are thought to be at fault, premising, however, that under socialistic sway they would and must inevitably be the same. To do this I will take the case of socialism itself for comparison where it has been put to practice.

It has been found by experiment that evasion of duty by individuals rendered the system unfair, even to itself. This is a common trouble which the capitalist has to meet and overcome among his employees.

He overcomes it by a discharge, or by a lower remuneration,--the latter being a doubtful remedy. Socialism must overcome it by the same means in the first instance, as otherwise one idle or unruly member would prey upon the rest.

Unfitness, also, is a characteristic fatal alike to either the socialistic or the capitalistic system. Socialism says its members must be educated to overcome this; capitalists only do the same when they give the preference to skill or genius and pay for it according to its mer-

it. I think there is no greater stimulus to education than to be given the power to compete, which term may be translated into the common phrase, "to keep one's end up." Socialism seeks to accomplish education by governmental law,-capitalists throw it upon the individual. Which method is the more potent will depend on the amount of eagerness each begets, for education must flow from the voluntary effort of the individual to acquire.

The failure to make this effort is already apparent in many socialistic communities, where although capital has prospered and accumulated, education has flagged.

Still another characteristic which has to be met in either position is adaptability to one's vocation. Undoubtedly there is a choice among vocations. Many a hod carrier envies the easier labor of the bricklayer, though he may be unable to lay the bricks. Still more does he envy the advanced thinker who may be making capital with his hands in his pocket, nor indeed is there any end to the easier methods of application of trained brain or hand if one has the intelligence to observe and compare.

To work by turns at every employment would certainly be to subject the large majority of men to misery. Think for a moment of an uneducated hod carrier (if he be uneducated) applying himself to a problem in geometry, or, to make the matter extremely ridiculous, attempting to perform

the functions of a teacher. On the other side, imagine a man of broad mental caliber squandering his talents in carrying a hod. Not only does there appear a lack of comfort or happiness in numberless cases similar in nature but many of them would involve a state of abject misery in placing nearly every man in the wrong place. Any apportionment according to capacity would operate to create the same distinctions, in some measure, as now exist in society, which would make the working of complete socialism, impossible for any considerable length of time.

These are some of the impediments to the progress of socialism, impediments common to any society under present social conditions.

The institution aims at the abolishment of private property, but in so doing it does not fail to see that there must be modifications to this rule to suit circumstances. A man must be guaranteed his domestic rights, and all property which pertains to them as a necessity. He must choose his own religion and be furnished with a church or place of meeting according to his choice. He must be suited in matters of taste, else the taste must be fitted to his altered condition, a thing very hard to accomplish. He must either abridge or expand his search for knowledge as his position may demand, else he will not be able to adapt himself happily to his surroundings.

The category might be multiplied, but I have instanced enough to show that the road to comfort and happiness cannot

lead through a labyrinth whose mazes are dark and unknown, or bestrewn with discomfort either to the very poor or the very rich, the very ignorant or the very learned, and in a socialistic scheme intended to embrace society in its entirety, therefore, the sentiment or taste of the entire body must be satisfied, or its object will be frustrated.

I venture to say there are as many manual workers who read my book who will agree in this as there are aristocrats, so called, for I am aware that the manual worker has his own tastes, and so far as he can suit them he does so. To abridge his liberty in this respect is to make him feel aggrieved, and the more intelligent he is, the stronger grows the feeling that he is and ought to be his own dictator in matters of real personal interest.

It will be seen by the reader versed in the history of economic thinkers that I have combined in the above analysis the thought of J.S. Mill, of Ricardo, and of Marx. Of this latter writer's work there is more to be said.

Marx was undoubtedly right in characterizing capital as the surplus, but I cannot agree with him that it is the "product of unpaid (manual) labor," notwithstanding his elaborate and voluminous arguments to prove.

The advanced thinker who has taken this subject under careful and unbiassed consideration will not fail to notice that in this writer's work the great stress

which is laid on manual labor. This is but a part of the field of labor and by no means covers the whole ground. To thus partition off the field shuts out from consideration the great portions devoted to science, literature, art, invention, spiritual culture and refinement,-in short, the very mainsprings of man's advancement toward his ultimate good. To make such a partition involves the impossibility of producing the work of Marx himself.

If manual labor solely is the owner of all capital it is only through manual labor that it can be produced, and man, to fulfill his mission, must confine his efforts to such labor and no other, because doubtless it is man's mission to accumulate in order to enjoy the greatest good.

No one would admit such deductions as these, I am sure.

The theory of Marx, although so ably and exhaustively presented, is misleading. It is pursued by him through a misunderstanding of what "accumulated capital" really is. He fails to comprehend that there are laws far beyond the popular economic order of society which form the true grounds for its evolution.

If we build a pyramid we must have the base larger than its apex. This law cannot be changed. It is useless for man to attempt to abrogate the functions of the Deity, and useless for him to assume the creation of anything without mind.

Hegel was right, that the idea must precede the material form. It cannot be

true that material can be translated or transformed into an idea, the very translation involving the inevitable first action of mind, as some sort of intelligence must guide the simplest material operation. Those who base theories upon materialism should try to explain how otherwise than through intelligence action or effort is possible before enunciating a doctrine, or it will be like the building of the pyramid,-they cannot even begin. Darwin, who perhaps has gone as far as any one on purely materialistic ground does not attempt to explain the first great cause, but assumes it. We shall do well, I think, to admit the pre-existence of mind in any system of philosophy.

I have not pursued this discussion of the theories of Marx for the purpose of under-rating the work of that wonderful author. The lurid pictures which he draws of the social and industrious classes, though gloomy and painful, are true, and the vividness of his portrayal stamps him not only as a genius, but as an indefatigable worker in research; and barring the effects of his work in augmenting a feeling of prejudice in the mind of his reader, it is a valuable contribution to literature. Had he, however, confined his labor to manual labor,-nay, had it not have been for the unsearchable riches of a mind stored with pity and compassion by the infinite, we should never have had his literary productions,-two important propositions which he denies.

It is an important fact in the interests of advancing civilization and the upward march of society to higher achievment, that there is labor mental as well as labor physical, and if we analyze the working of society, or even that portion engaged in physical labor, we shall find that we are absolutely dependent upon the mental for the accomplishment of the physical.

How broad the field this analysis opens as the portion strictly belonging to mind, will only partially be comprehended when we have placed therein all the different factors in our present educational facilities in all ways, there still being omitted all the yet unknown, but possible advantage yet to be developed. The bulk of material production can be absolutely measured, but the product of thought is so illimitable that it is infinite. It has no bounds. It had its birth before time, and will endure when time is no more. It is the field, all material being only the tools and machinery with which it works.

From the soil of this field grows all good, all evil,-the wheat and the tare, according as it is planted. In its vast unexplored depths are all the resources suited to man's needs with which to accomplish the highest possible good; likewise to accomplish the worst evil.

It behooves man to choose carefully in order to protect and advance the former and crush out the latter. Even undue sympathy for a fellow-being may pervert

the rule of right, since in some circumstances the individual is the sole cause of the evil under which he suffers, and the only cure. I refer, of course, to such action as is based on self to the exclusion of what may be the effect on others.

It will be seen that I am not examining and comparing different schemes and their working on society. Of these, some are bad and some good. Neither am I comparing the different methods of handling utilities. These must be left largely to period and locality. I shall discuss this subject in a later portion of my work, after making explicit declarations of existing conditions. It is my object to show as plainly as I can the underlying principles on which the highest development can come, believing that with the knowledge and appreciation of these principles mankind will train themselves to know the common good of all to be the truest individual good, and so make the common good the principal aim.

The main active outcome of Marx theories was the "socialistic working men's party of Germany," under which title a body of rules were established for government, but they were extravagant, in hat they sought through political action to force the government to the adoption of certain defined theories, revolutionary in their tendency, and abridging in many respects the individual and state rights which existed.

This body still has an existence, and

from the fact that there is much in the principle which holds it together to advance the interests of labor, it has continued to increase and thrive.

What its evolution may be through a broader conception of what labor really is cannot be foretold. In its present form it is too exclusive to obtain universal sanction. Government has intervened to control or to subordinate its growing strength, but it has not been subdued.

So long as it does not make itself a direct and dangerous antagonist to existing law, it will probably survive. What the result would be if its demands became peremptory, we can only guess by reflecting upon the history of France during the latter part of the eighteenth century.

"Let us have peace" and work out the solution of the problem on better grounds than antagonism when other means are so near to hand, as I shall try to show later.

One fact developed by the writings of Marx, as also by the formation of the body of socialists in Germany under his leadership, I desire to make prominent.

In both, and indeed in all forms of socialism thus far, there still exists individualism and individual rights, either developing the individual singly or collectively, since they all fail to embrace the interests of the <u>whole</u> of society. Individual rights, therefore, in properly defined terms, I conceive to be still sacred. I shall proceed to discuss some of what are called individual rights.

CHAPTER XLI

"And one of the company said unto him, Master, speak to my brother, that he divide the inheritance with me. And he said unto him, Man, who made me a judge or a divider over you?"

In my consideration of this subject I shall not construe rights according to any governmental laws, these varying in different countries, and being controlled very much by what is conceived to be policy. The matter which I take up, I will try to discuss on the broadest principle, unmindful how it may vary from established standards, or how my construction may apply to individual cases.

I believe that the institution of individual property is right, that every person ought in some manner to be protected in its possession, if that possession is a just one gained without detriment to the rights of others.

This statement will cover every variety of possessions capable of being acquired by man through any sort of effort.

We need not, therefore, detail the kind of possessions capable of being acquired from nature through effort, but pass directly to possession by man of a part of nature herself, inheritance in land, or of wealth of any sort which is unearned, and

therefore, liable to be unworthily possessed.

In the first place, inheritance hereditary precludes competition. Wealth has not been earned by the individual, neither can it have become his possession through the operation of natural laws, for nature, in all her ways, renders an equivalent.

Inheritance through consanguinity comes under the same rule; we need not discriminate, therefore, between methods or laws.

If, as is frequently the fact, inheritance or its anticipation bred only the noblest and best sentiments,-the true gentleman, devoted to the best good of his fellows,-there would be less need of my argument. But man is very frail. We all know there are many exceptions to such a rule, and it is because of these exceptions, so numerous and so detrimental to the true development of mankind as a great society, and also so prominent that they cause widespread observation and comment, that we are constrained to the belief that broad and unqualified inheritance is wrong. I cannot accept a thing simply because it exists. I desire to know its intention. There are many things which we can, and ought to take on trust, namely, anything which comes under nature's laws, and, I venture to add, things of a spiritual nature, where we can by no means elucidate by the use of reason. Inheritance, however, is not a divine law. It is a human law and

rests on human grounds.

If inheritance is to be a fixed law, some guarantee should be given in the interests of society that the privileges bestowed by possession shall not be abused.

It is idle to assert individual right when that assumed right conflicts with civic law. It is more idle when it conflicts with the great law of equilibrium.

But we may be met with the inquiry,- if individual rights should be held sacred, how do you separate honest possession from those rights? I answer that I do not so separate them. I would only make possession through inheritance amenable to some wise law so that other laws, for the protection of other members of society, shall not be violated.

I would make the individual a responsible agent through whom no damage to society can come. I would, in short, make it impossible for one man to move society to its hurt, under which rule no right-minded possessor would suffer.

But I wish to go further than this. While admitting the obligations which rest upon the parent, I disclaim most decidedly the right of the parent to bestow wealth on an unworthy or incompetent object. Wealth is not nature's gift to individual except as an agent of utility. An individual can face and discharge his own responsibility, but he cannot control that of his heir. His capital, whatever he possesses, survives; when he dies, his control ends.

However high his aims may have been, he is liable to leave a curse behind him in his possessions which may blight not only him on whom it descends, but humanity.

The laws of inheritance are in a measure subject to control, being prescribed by government, and so far as I know, having no other basis than the popular will.

In the United States, they are regulated by state governments, being understood to come under the head of state rights.

Inheritance is one of the things, the right of origin of which Blackstone does not clearly explain. It is doubtful if he could have done so except on the ground that custom makes law.

Bequest comes very nearly under the same objections as inheritance, the effect being enjoyment by the recipient without responsibility to the giver.

In the case of land, if it be such property, there is no need to go so deep, since it never was nor can be, except through restrictive and unjust laws in favor of one individual to the detriment of another, anything but public domain. So it was created, and so it must exist of right.

Whatever may be the quibble on this subject, the fact cannot be controverted that all land should be controlled (I do not say owned) by the government that protects it. In truth, as a last resort, the government asserts and maintains such control. It is the commonwealth, and can be occupied only by sufferance. Whatever has led to the custom of considering it

as subject to individual possession must therefore be wrong. It is a thing of nature which man cannot rightfully appropriate.

Other things are consumed, or go to destruction, but land remains. All a man's possessions which are movable may be swept away so that no vestige of them remains, yet the land cannot so disappear.

When man wills land, or when man inherits it, it is in contradiction to the just rights of other men. It is not of his creation, it existed before him, and will endure after he is dead. He can be by right, nothing more than a tenant,-and this is the just ground of whatever degree of ownership he ought to possess.

If he during occupancy, has made improvements through an outlay of capital, whether in labor or in money, he has contributed that much more to its value, and deserves whatever enhancement in value he has created. For he has thus earned a mortgage on the land which society is bound to recognize as just. But this need not necessarily imply ownership. Under a different system of laws than those that prevail in states, government could issue bonds to cover whatever individual interest might appear, which would be transferable, would form as good capital and security as the land, and be as easily convertible into money or other forms of capital.

But perhaps this is not the time to discuss expedients. I have endeavored to point out what I conceive to be defects

in present forms of ownership or possession, and the privileges accorded to it by general custom and usage by which it will appear to the intelligent student that for the greatest good of the greatest number, there needs correction. Many and various controversies have grown out of the question of possession, and particularly the possession of land. It has appeared to me, that the first question of all should be, who owns it? Is it the individual or is it something superior to him? When this question is settled, as it will be in the natural evolution of society, there will be less ambiguity regarding rent and tenancy than at present. I quote from J. S. Mill on the subject of land ownership. He says,"It is the original inheritance of the whole species, Its appropriation is wholly a question of general expediency. When property in land is not expedient, it is unjust. It is no hardship to any one, to be excluded from what others have produced: they were not bound to produce it for his use, and he loses nothing by not sharing in what otherwise would not have existed at all.

But it is some hardship to be born into the world and to find all nature's gifts previously engrossed, and no place left for the newcomer."

This is so eminently true, and shows so plainly a violation of the rights of man, that it could not be better expressed.

A closer analysis of this subject will follow in its place in later pages.

CHAPTER XIII

"for the workman is worthy of his meat."

While man's right of possession may be largely a question of expediency, subject to law and government, there is no good reason why he should not possess whatever he can rightfully acquire without injury to his neighbor and his fellowmen.

We approach the discussion of our present subject, therefore, with more freedom of thought, because there is no one who doubts that man deserves whatever he earns. It is a law divine in its origin, and vividly strengthened by the Master.

It has had the sanction of mankind as rapidly and as fully as any creed that was ever written. It is to the honor of humanity that it recognizes this in the abolition of slavery, in the amelioration generally of the tasks of the manual workers, and is every day broadening in its doctrines. To the honor of humanity also that whatever movement takes place in society for the betterment of the poorer classes among them. it has the support of all the best in the community, and these vie with each other in being foremost. It is an item of great credit to mankind, especially to that portion who, through the comfort which they have obtained, are unselfish enough to look over yonder and see a less fortunate brother.

There are impediments, however, to the furtherance of many schemes looking to the betterment of the condition of those at present dependent on their daily toil for maintenance. Here, more than anywhere else, individual ownership or possession operates with a power which it ought not to possess.

There is no sadder sight than to witness capital, with whip in hand, lash poor labor, which should be its master, into such submission that its energy, its courage, and even its health is destroyed and sinks under the burden of sickness unto death.

If this is the extreme view, it is exhibited only to show what is possible under the sway of this mighty usurper, frequently utilized by inferior and subordinate taskmasters, responsible to no visible hand. I shall premise my present discussion with the statement that there is today no just law of remuneration.

The so-called capitalist sets the price of labor, both his own and his employee's when he disposes of the commodity which has been wrought; the laborer whom he has hired is thus debarred from that privilege. This custom has prevailed for so long a period that even so good an author as Prof. Walker has defined "wages" as "the reward of those who are employed in production with a view to the profit of their employers and are paid at a stipulated rate." I prefer to regard wages as the remuneration of toil, leaving

out the title of employer.

The same author, following on lines already laid down, recognizes a distinction between what are called "nominal" and "real" wages. In this respect also, I prefer to cover my ground with the single term, remuneration. My reasons will be apparent as I proceed.

I desire no measure of a general rate of wages because I do not think any general rate should exist. I am willing, however, to try to examine the causes which result in a rate system.

If every man was his own employer, no rate system would be possible, because each man would then regulate his own advantages for production, market his own goods, and make the price. If he found that competition was too great to be met, his self interest would prompt him either to seek some other field, or to add to his facilities so as to meet those of his rival. This is a statement of the case in its simplest form. To show it in a broader light, if there were means of general intelligence regarding the coming wants of a community or state, or nation, then the whole body of producers would guage their production to meet the known wants and there need be no surplus, each article or commodity fitting exactly into its place.

But the appropriation and possession of land and the accumulation of stocks discourages any such adjustment, and this gives to land and stocks the advantage

and the liberty to make the price, so that instead of the real producer, land and stocks perform the process of gauging.

To express it in another way: the capitalist through his ownership, or control, possesses the means to regulate the price of labor, but in thus stating the fact we must not lose sight of that other, and important one, that by virtue of this ownership he possesses the power to regulate the price of his commodity.

The theory of the "wage fund" is very illusory. It proceeds on the assumption that there is a definite sum to be distributed for labor, and a definite number of laborers to participate, among whom there is always a proportion who must work at some price, however meagre, as the price of their existence. Naturally following this comes competition, not such as springs from the one man vieing with his neighbor to see who shall advance most rapidly and prosperously by earnest effort, but such as two dogs exhibit over a bone thrown to the kennel when both are hungry. Labor is thus made a football to be kicked from one customer to another, or driven from the field when not wanted; the plaything of capital, suffering the wear and tear without recompense or replacement by the user. The premises stated could only be tenable on the theory that capital is limited, which, as we have shown, is not true. For every laborer who produces any utility is making capital with each motion of his arm, hand, or foot,

or with his brain.

Within this capital there exists not only his living means, but also a surplus. If in the first effort this is not available it is in the next, and so, barring intemperance in reproducing the human species, there must always be more produced than there is consumed. If the wage fund theory were consistent, each year would be shown to increase the amount of capital alloted to a given labor.

But the general fund which we call capital does not so operate because it meets an obstruction in its way to the true owner, and this is an agent of exchange, who demands more than his proportion for his services. The principle laid down by Blackstone that "heavy bodies gravitate downward" does not apply in this case; they seem to gravitate upward instead.

I think Blackstone was right, and any deviation from the law must be a freak, an accident.

That accident is found in the capitalist, or in him who represents capital.

This individual, when asked to elucidate the problem of high and low wages is likely to say in substance that high prices make high wages, and contrariwise.

If high wages, however, make high prices we will not object to the above maxim, but this rule certainly ought to work both ways, and I may be excused if I say, somewhat in contradiction to the orthordox school of political economy, that it will so operate if the experiment is tried.

Society is a very obliging dame, and she is especially so when in want. Therefore whenever there is a scarcity of labor to meet her wants it is possible for labor to make the price in every case.

The obstacle, then, is in a surplus of labor and it is for this there should be sought an expedient, either for the purpose of obliging society to show its complaisance, or to force capital to be satisfied with a smaller margin of profit, and whichever way it is done the rates of remuneration will be raised. This may or may not be construed as an argument in favor of high prices for commodities, but I venture here to say that high or low prices will not, in any long period, very seriously affect the interests of labor either way except in remunerating it better or worse. For what we want, the question always is, what have we to pay with, as well as the price, and if we have the latter we usually satisfy any real want. We will seek the expedient for surplus labor in the later portion of this work, in which lies the great object of my writing.

For my present purpose, to prove that a scarcity of labor creates high prices, from instances which might be cited extensively I will choose that of the United States during the war of the Rebellion and afterwards for several years, when production was pushed with all the vigor possible. The fruits are shown to-

day, after the lapse of twenty years, and more, since the tide turned, in many an ownership of a frugal, if not a commodious home, by a former struggling, unprosperous laborer. This was a period when the capitalist lost his sceptre for a time through every man's becoming a capitalist because labor no longer had cause to bid against itself for the sake of living.

But I am here met with the flippant criticism,—the case quoted was favored by a before unheard-of superabundance of what was called money, a floating capital which every man could have almost for the asking. I admit that this temporarily was true. It will be the subject later of what I hope will prove a strong argument in favor of the general good, but I am not yet ready to present it, desiring first, to build a structure on which such a system can stand on better grounds than money that has a fictitious value, even though arbitrarily fixed by the government.

In discussing the subject of remuneration I find no landmarks to guide me among the writings of others.

Wherever it has been discussed, so far as I have examined, it has been assumed that there are three distinct parties to contract, to average, and to participate in division, consisting of owners of land, capitalists, and the laborer. I admit the existence but not the necessity. I know of no reason why the laborer should not be all of these, if land is still to be an

ownership, and in following out my discussion, therefore, I shall, instead of recognising the necessity of all those factors separately in human society, assume that the two first mentioned are, as classes, superfluous, and the second, many times injurious.

A condition of absolute slavery, it is easily conceded, yields no remuneration beyond a living, and no incentive to improvement either mentally or physically.

Cottier Tenancy as discussed by J. S. Mill is shown to be but little better,- Metayers only a somewhat modified and ameliorated state, and the Peasant Proprietors, having within it a better incentive, is shown to be the most favorable state of the four, but in all of them, we find the laborer dependent upon a superior agency (human) for his existence.

I shall not discuss these except by comparison, which must be merely incidental.

I proceed to say that remuneration should be governed by no law except the wants of mankind, should be subject to no restrictions except such as flow from an extravagance in producing more than is needed.

If individual right of possession is sacred, and if it is a universal law, it must extend to the individual. But does it so extend under the sway of a capital possessed by a class?

At the outset we are met by a law, dictated by the capitalist, for the regula-

tion of the reward of industry.

I hope I shall not be misunderstood. I wage no war against capital. It is too great and too important a factor for developing all that is best in man to be ignored. My duty calls me to methods of appropriation but not necessarily to censure the appropriators. I think that the method of appropriation is largely the fault of the producer, who is more intent on making desired ends meet and in present enjoyment, than in providing against future want or privation by preserving.

It is from this improvidence that the accumulator is able to outstrip his fellows because it gives him an advantage from the moment he accumulates his first dollar of capital. It is this which places the producer under the rod. Once there, he must expect that some strokes will fall on him. And so we find it. Instead of having the ability to make the price of his remuneration, capital does it for him.

I do not mean by this that there can be no limit to price. I mean that labor, often by its own improvidence, or at other times from a lack in appreciation of its rights, becomes the slave to circumstances.

Can labor expect that land owners or capitalists will do the mental work which belongs to themselves?

That, I am sorry to say, has been the attitude of labor for the most part, ever since land owners and capitalists have had an existence. Yet these facts are true. There exists land and vitalized

capital enough to make every man comfortable and happy.

It has been appropriated only according to the opportunity afforded to individuals to appropriate.

It lies with every man to say whether he shall have a share in the appropriations.

It is from the knowledge and recognition of these facts that the present appropriators have gained their possessions.

It must be from the knowledge and the recognition of them that future appropriators gain theirs.

The only other way is through some sort of a revolution, or else a broader philanthropy than is to be expected of humanity at present. Here are some bare facts which control human destinies.

I will devote my next chapter to some consideration of them.

CHAPTER XIV

"Fear ye not therefore, ye are of more value than many sparrows."

If there were no such thing as competition, it would be impossible to establish any value, because each commodity could set its own price regardless of any law, supposing always that it was wanted. But as soon as a want becomes manifest the spirit of competition prompts, not a single individual, but many, to go to work to supply it. Hence the value is determined not by the judgment or intent of the producer, but by the quantity produced in the aggregate to meet the want. If it exceeds the want, the price must be low. If it does not fully meet it, the price is high.

It is therefore true, barring out monopolies, that the prices of the necessities of life are more uniform and more in agreement with the labor of production than are what are called indulgences because of the former there is, and must be, a constant demand, while of the latter people will supply themselves according to their circumstances.

Value, therefore, is much more easily determined in the necessities of life than in anything else.

If this be true, the value lies, not in the price, but in the nature of the thing

itself. It is not necessary for us to know what we can get in exchange for a thing absolutely essential to our preservation as in the case of food. We do not wish, and indeed we cannot part with it.

If food is not used in proper season it perishes; it is intended for immediate consumption. Therefore, except in such cases as where a "corner" is made in wheat, potatoes, or as the case may be, there is little room for speculation for the purpose of profit. Even in these it can last but for a short period, being constantly endangered by competition, and shortly by reproduction.

Necessities, therefore, constitute a better basis from which to determine values than anything else.

The proper condition for determining value is the utility of its basis. As food is the first utility, it should take precedence. For whatever other product is taken as a measure of value should be subordinate to this, in order to establish itself in conformity with the law of precedence,-nature first, man afterwards.

If every man produced his own food or necessities, there would be no need of any standard of value, since value would not exist beyond himself; but in the order of development, man's tastes incline him to something beyond necessities, and he looks about him and discovers, first, something which will cover his body, and next the methods of fashioning it and keeping it.

together. This in itself opens a new field for his industry, since he no sooner gets clothed in his garment than his neighbor desires one like it. Another man desires more ease in his occupation, and he sets his faculties at work in that direction and produces an article of greater convenience than he has previously possessed and his neighbor also desires this.

So, without further enumeration, new want appear and are satisfied.

To measure out the products of the earth without discrimination of bulk, or consideration of cost in labor to remunerate the neighbor who has produced something for which I desire to exchange, was early found to be too cumbersome and unequal a process for comfort or economy.

There must be some medium of measurement, so at length the medium came to be money. This was constituted by the consent of society the measure of values in other things which subordinated necessities and made money the ruling factor.

If I have followed my subject reasonably, the student will have found that here was a digression from natural law.

Instead of money being taken simply as a medium or as a measure of value, it was taken to be the ruling factor in all production, or in other words, as value itself; hence I feel obliged to antedate my work on this subject to money, as a standard of value.

It has been found that previous to the use of money, the value of any commodity

would be determined by the strength of desire to possess. If the food producer desired the clothes more than the other desired food, the value of clothes would be stronger than that for food, and contrariwise. But since the [illegible]t could by a possibility do without clothing, it would follow, if he also did not produce food, that he must surrender to food as the standard to regulate the value of his own inferior product. Value is thus determined in this case by supply and demand.

It would be the same if the producer of clothes had a stock of food on hand, because in the end he must succumb to the real necessity of replenishing his stock.

As I have tried to present the case, demand does not depend on the price, but on the necessity; and necessity being the most effectual demand which can be made, it must take precedence of any other.

Man, however, does not confine his desires within the bounds of necessities. He has tastes and conveniences also to accomodate, and although his demand through those may comprise everything under the sun, there is a large list of what may be called real utilities, and the first in importance of these is clothes. The man who produces these, therefore, is entitled to consideration at the hands of the food producer, and here we find the necessity of a principle of equity. It is not fit that he who has food shall drive his neighbor to a hard bargain because he has

the advantage of being the possessor of the greatest necessity, for in so doing he not only injures his neighbor, but denies himself the present satisfaction of his own taste; hence he is driven to some sort of a compromise, and so there comes to be a relative value.

We will suppose, as a basis for argument that the food producer, taking advantage of his neighbor who has made the clothes, has driven him at last to the necessity of producing his own food. If, before, the food producer had a surplus which he expected his neighbor to take, he now has a greater surplus, yet he finds that instead of being able to dispose of it, he must see it perish under his eyes. It is now natural for him to remember his self-denial, and to cast a longing gaze after his neighbor who is still clothed, and thus the equity which his sordid nature refused becomes in its turn a desire, and he is bound to establish equity, as without its practice he is no gainer.

Now we have come to the basis of all trade or exchange. It is not established strictly upon the laws of necessity, but of accomodation.

Under this law, the food producer, in order to satisfy his taste, is bound to accomodate his neighbor in the matter of price.

The origin of value, then, is found to be in no manner the result of competition, but of accomodation; it is therefore re-

ciprocal in its nature, based first upon necessities and ultimately on all other products relatively, according to their utility, or the desire to possess.

If now the food producer is able to produce a larger surplus than the clothes producer, the latter should participate in the larger production equally with the former, so that one will balance the other.

In other language, if I can produce a hundred bushels of wheat in a given time, and my neighbor can produce only one suit of clothes, the value of the wheat will be seen to be exactly equal to one suit of clothes; but if I can produce only a single bushel of wheat in the time, then the single bushel is equal in value to the clothes. This is what establishes the relative value between commodities, and it will be seen that price should be subordinate to the just demands of remuneration.

Here we have the normal or natural relative status of remuneration, exchange, value, and price, the one following the other in the order named.

If price or value precede remuneration so as to regulate it, they can do so only by usurping the rights of remuneration; therefore, they must have more than a normal stimulus and support or they could not gain this advantage.

This stimulus is found in capital, profit, and gain.

We have now come to a period when money

became necessary, not as value, but as a representative of value, and a medium of exchange.

Money in all forms may be likened to a rule divided into feet, inches, and fractions. Its destined use is the measurement of some other body, the value being in the body itself, not in the rule with which it is measured. It has, in various countries and ages, consisted of many different things; skins, shells, cattle, slaves, tobacco and corn, ornaments, stone, teeth, flint, iron, spikes and nails, lead, copper, tin, and many alloys, have served as money in society previous to the use of gold and silver.

I shall take up this again, what I have said being sufficient for my present purpose.

What, among the earlier forms, constituted the first money we have no means of knowing, but it is evident that as groups of men were formed, producing different commodities, and of varying values, it was necessary to exchange to have something better than the commodities themselves with which to measure relative values so as to effect an equal exchange. Whatever was adopted became at once a standard of value for future payment in some other, or the same commodity as the case might demand. If the coatmaker desired to take but a portion of his payment in food, the farmer gave him money to balance, being bound whenever the money was presented, to deliver the balance of food. I know no simpler

way of explaining the use of money; it effects the exchange of commodities, shows the value of each, and is a guarantee for the difference, which still remains in the food, or other product exchanged.

Now money having been established as a medium of exchange, it lies within the power of the food producer, providing he has a market, to dispose of whatever proportion of his produce he can after his necessities have been satisfied.

We are aware that wealth is always on the increase, and hence that there is always a surplus over necessities or even indulgences; therefore he who, either by virtuous abstinence or by preserving turns the most of this surplus into money, or something permanent which money will buy, is the accumulator or the proprietor.

The greatest capitalist not only improves the opportunity as it is afforded, but he also seeks opportunity.

First is the measure of value, then trade follows. If one man ever is allowed to dictate the measure, he has been allowed to grasp an opportunity in which lies the advantage of increased gain; if the producer insists on having a hand in drawing the measure he will participate equally.

But how, it may be asked, under the present order of society is the producer to establish his equal claim to draw the measure, since the capitalist holds in his own hand the medium of transfering gains?

It is a question well put. In its answer lies the whole prosperity of the underpaid working portion of humanity, and there is but one true answer possible.

The producer must become his own capitalist.

This cannot be done generally while a portion of labor is unemployed during a longer or shorter period each year, thereby consuming what it has saved during the season of employment, but through a better system for the general employment of labor which I shall take pains in explaining in the last portion of my work, it would become not only possible, but probable.

The poor worker at present has too little to stimulate him to save. He does not live in the freedom of hope. Instead of being free from the care for tomorrow, he is not only saddled with that, but the worse and more wearing one left over from yesterday. Instead of being able to lay in a surplus from yesterday's toil, he is obliged to look over into tomorrow to earn the means to pay a debt. He cannot look to the government to remedy the evil, for if the government rights individual wrongs under present systems, it must thereby commit a wrong against others, for it must not be forgotten that capitalists have their rights as well as workers; a right the workers would and do claim coincidently with any acquisition of capital, to distribute it according to their will and pleasure.

But such a right is sometimes, nay, often abused. By the modern methods of doing business we will suppose that the capitalist (whom we will take to be a manufacturer of some commodity) is obliged to meet a market in which the price is already made. He has, then, in making up his cost, to provide for his margin of profit if he desires one. He cannot vary the price of the material which he buys, because a price is also made already upon that in the market. There remains the labor, and it is here that he goes to adjust his cost, giving to his workers what he can afford after providing in his calculation for his own margin to pay for his individual service. The advantage which he gains from the possession of capital enables him to set the price upon his individual service; to the worker it will be the same if he succeeds in accumulating a capital.

But the capital needed by the worker for this sole purpose is much less than will serve the needs of the employer; for if the employer has capital invested, he must use means to transfer it through the sale of his products so as to re-invest in material, while the workman needs only for the purpose of safeguarding his interests against avarice on the part of the employer, such an amount as will tide him safely over from one season to another, or the average time of the turning a stock in the market, which varies, in different trades from two to four months.

If the market allows of turning the stock every sixty days, that is the time for which he must provide. If it takes four months to exhaust the supply and create a new demand, that must be the time for which he must provide in order to be his own capitalist in case his employer will not take the risk of further investments except at lower rates of remuneration for the labor necessary to produce.

Thus, either through virtuous abstinence or through a preservation of funds which he has been in the habit of spending in an easy manner, he will have become a capitalist to the extent of his fund, and is in a position to set a proper price as his remuneration for toil. This is the only solution possible without either revolution or governmental intervention; the laboring man must throw off the yoke himself by an accumulation, and if his remuneration is not sufficient for that purpose he must devise means to make it so.

Let no worker lay down my book here, for unless he pursues the investigation of means very carefully he is liable indeed, to go wrongly about them. It is encumbent upon him if he would raise himself to a higher position, as it is on all men whatever position they occupy, to do it through an education which will enable one to comprehend the nature and breadth of available resources to favor the end at which he aims, and then work earnestly until it is accomplished.

CHAPTER XV

"and with what measure ye mete, it shall be measured to you again."

REASONABLE REMUNERATION

It has been said that the rate of remuneration cannot rise except through either a larger volume of capital or a lesser number of workers, by which it is intended to be meant, of course, that there is always a certain amount of capital that is devoted to labor, and this, perhaps, is in the main true; but while it may be said to be true, it is nevertheless a condition, and not an absolute one.

No one has presumed to say that the volume of capital as a whole is constantly in use for industrial purposes, the contention being that a proportion of the whole is set apart for the purpose of remunerating the service which industry demands, and this is, in effect, to assume beforehand that the workers have no resources which they can control. On such an assumption it is easy to see how any one will conclude that the simplest expedient by which labor can be protected is by legal enactment.

But if this is the expedient the question naturally presents itself, who shall enact the laws to govern remuneration?

If it be the capitalist solely the law which will follow will be in favor of capital; if it be laborer it will go as far in the other direction; while if it be a combination of capitalists and laborers there will be a contention resulting in favor of the strongest power, which, while capital continues exalted to its present importance, will be capital.

To adjust a minimum rate is no better than the present method, since in any event capital will pay no more than it must, and labor therefore exists already at the minimum.

To adjust by competition is again putting labor against itself, since whether it is a competition between capital and capital, market against market, or labor against labor, the rates of remuneration must necessarily rise or fall according to the existing condition.

There is a mean between the two, not yet recognized by either class, which should constitute the basis of remuneration, and that is its real value.

This must be considered apart from any conditions, either of capital or of the market, because it is the point from which all after prices and accumulations should proceed, all the resultants being determined by it.

It need not be an emotional outcome, born of pity or of sympathy for the workers among people who simply look on, nor need it find expression in vague terms.

Real value has a more solid basis than these on which to stand, whether in labor or in material; it is ascertained by a law of rendering for everything a just equivalent. There need be no sentimental wrapping about this.

Nor if we go into a minute examination of causes, need we make competition in labor a factor in our analysis, since while there is a foot of ground to till, or a desire of man for any sort of material unsatisfied, there is room for the widest spread of competition without exhausting the field for labor.

Times and seasons and also localities may make a variation in the demand for labor, any large concentration tending, of course, to cause antagonism of interests, and in agriculture, the seasons of summer and winter.

The first step, then, in the solution of the problem is to supply work for all who need, so as to have no compulsorily unemployed class. At first sight this may seem a very hard, if not impossible thing to accomplish. It is a well-known fact that in many branches of industry there are periods each year in which trade lags, awaiting a market. This is attributed to various causes, the popular one being a surplus of produce. In this case the most natural question is, who is at fault?

Society has been satisfied in its wants, the capitalist has only done his duty in keeping his help employed, frequently with the knowledge that it is to his detriment.

Let us take a broader view. Was there ever known to be a general stagnation in industry except from a money panic, or depression, or some plague or pestilence?

When a country is in a normal condition is there not prosperity?

But what is it that constitutes a normal condition? When I am known to have only the price of a loaf of bread, the green grocer does not like to trust me for a bushel of potatoes. He may feel assured that I will pay sometime, but he needs to know that I will pay soon enough so that he in turn can pay. This is the fact, whether he is a capitalist or not.

It is a necessary fact, because in time his capital will have been exhausted and he is then compelled to refuse trust if he has not done so before.

This, then, cannot be a normal condition. It is a type of pauperism, a state of society in which it becomes necessary for the rich to assist the poor through charity. Its existence stamps the system under which it lives as wrong, for whether in a republic or monarchy, the right of every human being should be guaranteed to earn a living, and a good one, a living which no class need look upon with pity.

Suppose now we take a momentary view of a compulsory accumulation to apply to the needs of the poorer strata of society.

If a government resorts to taxes direct on the wealth of the nation, it is as much as to say that wealth owes labor. If this

is true how does it happen; is not wealth able to pay? How should it ever have incurred an indebtedness; especially how should it have done so to a class who could not afford the credit?

Should a government adopt such a method of accumulation for the benefit of the working people it would be the same as to say that it was the duty of wealth to abolish poverty. It would be the acknowledgement of an injustice, sanctioned by law and custom, against the already oppressed.

But suppose that a government has a vast system of public works, embracing not only great public improvement nationally, but also subdivisions municipally, extending, in fact, throughout its whole domain; suppose this system yields such opportunity that it will be capable of employing all surplus or unemployed labor, will it be said that the funds so distributed are extravagantly expended?

As I shall have occasion to discuss this subject again, I only take this at present to show one method of employing and so disposing of surplus labor. I shall later show how it can be made to pay its cost to the government.

This, then, would be a truly normal condition, when a nation has no unemployed, because it is capable of employing whatever labor is not in demand in individual industries.

Before leaving this national aspect for a season, I wish to say that no country can be said to have arrived at its proper,

not to say its highest state until it has within its laws a good provision for all its people without the intervention of charity for the relief of any able worker.

I shall proceed on the assumption that a country is in a normal condition.

The government, being always in the position to employ labor, will be enabled to regulate the price in conformity with popular opinion; thus industry, instead of selecting from a horde of applicants for employment, becomes itself an applicant for laborers and draws from the governments quota to supply or replenish its own.

Now the conditions are changed since industry was stagnated, since as everybody knows there is no more generous class of buyers, nor indeed perhaps more extravagant ones when resources are abundant than the toilers who, when work is done, need relaxation and enjoyment. It is a just part of their pay because they have abstained during work hours.

The government, in keeping labor employed and rendering just and equitible remuneration, has yielded the means; hence the market will not become stagnant while this class has the ability to satisfy wants. Let us look at the results. Competition, instead of warring against labor, will operate on classes. The rich and the poor will vie with each other in their selections when they go to market, each intent on securing what is desired, but neither rich or poor will find the

market satisfied. Every industry will have had to pay a proper price for its labor, will have regulated its supply to the demand, and the only element in our present economy which would be disturbed is capital. This, instead of labor, would be perhaps, obliged to lie idle for a season as precautionary against overloading the market and thus lowering the selling price.

It would thus be the burden of the capitalist to carefully ascertain the condition of the market, the provision which his neighbor was making for it, and apportion his industry to the condition.

If any average of production was necessary, it would be encumbent on him to arrange that average with other producers.

He would conform to the condition because he must, in order to protect his margin of profit if he expected one.

There would no longer be that chaos now existing in anticipation of a market, because the market would be steady and to be depended upon.

No poor laws would be required, because there need not necessarily be any poor.

The only barrier to every man's becoming a comfortable capitalist would be from a lack of restraint in the matter of indulgences. Every necessary comfort being guaranteed, it would devolve upon himself to preserve his due share instead of destroying it. He would still be unable to imitate the rich in extravagances; but if he was not wanton in expenditures, a por-

tion of the natural surplus of production would inevitably fall to his possessions.

It would seem to be a hard problem for a government to establish a just rate of remuneration, but if it be carefully examined this need not be a stumbling block.

First, there is the population to be ascertained; next, the proportion which is a working class, embracing not only the manual worker in all the different grades, but also the mental worker, who by his brain work contributes his part to the general welfare of the community, whether he be writer, experimenter, preacher, healer, or actor, leaving not only that proportion who, already so well provided, live out their lives without toil.

The list should not recognize sex, since the housekeeper or the mother who cares for her little ones is even more a faithful servant than any.

Having established this proportion, the next step would be to find the average amount of accumulations yearly with the rate of increase. This, primarily, would be guided by past production, but after a season of steady and general prosperity it would be subject to amendment.

Having ascertained the gross accumulations, the only step then necessary would be to apportion the general average to the general population in the first instance, then grade it according to occupation or skill.

And here there arises the question,

what constitutes skill?

If I, through a fortunate combination of circumstances, have succeeded in accumulating, it does not, in an economic sense, constitute skill.

If I, through close management in buying and selling or in producing a commodity for the purpose of gain, have accumulated, it does not, economically speaking, constitute skill.

Economically speaking, that only which serves the public good,-the greatest good of the greatest number,-can truly be called skill; hence this only is the skill which is entitled to recognition, that which has gain or accumulation for its object being naturally referred to gain or accumulation for its reward.

We need not, then, include the users of capital for gain among the possessors of skill. There will always be found men in the employ of a capitalist more skillful in the field of industry than he is or can be, while he works his plant for gain.

The reason is evident; his mind being occupied with relative values, whether in labor or in commodities, the only way in which he can acquire skill is in handling the material of production. If he does this, he becomes a worker like all the rest.

Capitalists, then, as such, are entitled to no recognition among the list of producers unless themselves producers, their remuneration being derived from the handling of commodities for gain, and the gain

being the reward.

Under the head of capitalists should be reckoned all who invest their funds for profit, no matter how hard they may exercise their brains in their occupation or how many hours they may work.

If their occupation is simply handling and manipulating funds,-they are engaged in making capital from capital, not in adding to it. It is a system of abstraction instead of production.

But the class thus barred out does not necessarily include all tradesmen or all manufacturers, neither all people engaged in banking, nor indeed all brokers, nor fire and life insurance companies, but only that proportion of them who live upon the income derived from their investments in such branches, since they all perform a service to society to its good, and hence they are utilities just so far as the service extends, and the amount of this service will be found to be exactly measured by the necessity for it in the community. Any institution which preys upon, without rendering an equivalent to society, appropriating its accrued benefits accumulatively as an institution, therefore, cannot be included, being of an exclusive order, with exclusive interests from which society generally as a body reaps no benefit. Of such are money lenders or brokers, who lend their money for gain, and speculators of every description, who render no equivalent for what they abstract from the general wealth.

even in a service of any utility except through accident.

There is a large list to be added to workers who, although not direct producers, contribute to production in an auxiliary manner. Here must be included all who through mental labor render service to humanity, either through writing, inventing, or preaching.

Soldiers also must have their place, if a country enlists only such a number as is necessary for proper protection. There are some countries, however, who greatly exceed such a limit, and advancing civilization is now crying out for the abolishment, or at least the modification of the system.

Still another class must be included, as they are an important one. This is the pauper class, consisting of individuals lacking in ability who are physically able to work, and that large class against the existence of which laws have thus far been powerless, called "tramps." They are in all sections, and gain their ends either by begging or pilfering, but rarely through hinest toil. Some are fairly worthy, while some pursue the life from a low instinct hardly above the brutes.

Many people feel constrained to contribute something to their subsistence because there is a chance for doubt regarding the individual responsibility of the applicant for his straight.

He may not be able at the moment to obtain employment although making a worthy

endeavor. The possibility of this stimulates pity and sympathy, and he gets his sustenance. Were it possible to send every such one to a government depot of employment directly within reach, whose business was to grant the employment, people would no longer hesitate to bid the tramp go about his business, and earn what he desired. This class also must be included in the general average.

When all this is done, it is an easy matter to make a general average of remuneration, barring out the item of speculative profit, which under such a system would receive no consideration.

I shall not admit at present that the remuneration of the human species forms, or ought to form, a subject for discussion under this head, being assured in my own mind that whatever of intemperance exists in this respect, can be better cured under some other influence than a consideration of the remuneration of toil.

Passing this, therefore, we will devote a chapter to the discussion of profit.

CHAPTER XVI

SPECULATIVE PROFIT

"For what is a man profited, if he shall gain the whole world, and lose his own soul?or what shall a man give in exchange for his soul?"

If competition by reason of a surplus of laborers was the cause of low remuneration, then He who planned the universe must have made a mistake.

At least, until every foot of ground is occupied, we ought not to call in question the foresight of an Omnipotence which this far has carried us on. It is a good thing to have faith.

I believe thoroughly in the wisdom of Paul in advising "temperance in all things," but I have never seen the cause of temperance thrive for any length of time under a law of force. It must be left, like all spiritual growth, to the influence of education, and I have a firm belief that long ere the lands are covered by the human race, it will have learned temperance on hygienic principles, as well as moral.

The question "For what is a man profited" will sometime be the universal question of mankind.

If the opening sentence of Adam Smith is taken to be correct. "The produce of labor constitutes the natural recompence or wages of labor," we have a definition which admits of no profit which has not been earned.

If everything, under the laws of nature, demands an equivalent, then the appropriation of unearned property of any description must be wrong. It is "by the sweat of his brow" that man should be able to appropriate or, to be more literal, by effort. If, therefore, after the capitalist has received his equivalent for what effort he has expended he still finds himself in possession of a surplus, it is positive proof that there has been a mistake in making change, and somebody's cash account must be short in consequence.

In other words, as I have before shown, if he has a surplus above the value of his individual labor, it is not because he has abstained to a greater degree than those whom he employs, but because simply he has not destroyed that which has been produced by them.

If profits are what a capitalist gains by forbearing to consume his capital, this same forbearance, or greater, has been exercized by every one of his employee's.

If he requires a recompence for it, so also with equal right may they.

If the capitalist desires no more than a proper interest on the actual investment, it is possible in the present state of society to accord him that as a right.

As, however, he does not engage in business from philanthropic motives, but for the purpose of keeping his capital profitably employed or else of accumulating, he deserves no compensation for the risk he runs.

What he does really deserve is proper remuneration for the economy he exercises in managing his business, which is a species of skill, however selfish, from which mankind in general may derive a benefit by observing his methods. He has herein contributed his iota to the general knowledge of mankind, and his skill ought to be rewarded.

We have, then, as the true rights of the capitalist, in the participation of fruits from industry, not abstinence, rink, or exertion yielding general good, but simply interest for the utility capital affords, and the skill with which he is endowed or which he has acquired.

There should be no inducement to capital other than remunerative employment. It is enough that the capitalist is so fortunate as to possess without deterioration, and it is far too much to allow him to make his possession a lever with which to possess more.

A law to such effect tends to paralyze all new industries, born of the strength and vigor of young manhood, and supplies us with the key to the enigma presented of so large a proportion of failures.

It is the influence and advantage of capital over skill and energy.

If capital demands better remuneration than interest and the degree of skill exercised by its possessor, let it reach out to the market for it. If there is risk to be encountered in trade, let trade educate itself to a point where risk does not exist. If the great body of society will substantiate its claims it has nothing to fear; but to cast the burden of its preservation upon labor, its creator, is the same as for the child to blame the parent for its existence,-unnatural and detestable.

In other words, if there is risk in present methods of industry, let those who bear the risk learn its cause and regulate their pursuits so as to remove it. The cause will be found in the chaos which exists in the capitalist ranks from lacking the proper knowledge of what is being done in other localities, and from meeting a market with goods before they are wanted for consumption. Here is a lack of economical foresight which it will be well for capitalists to remedy.

The above exposition has been partially anticipated already in the case of retail as compared with wholesale trade, where, owing to the larger risks as much as the retail principle, the goods are sold at a higher price. Also in the employment of capital in dangerous pursuits, like gunpowder, where the manufacturer looks to a price for his product to remunerate him for his risk and not to his employees, realizing that their risk is far greater

than his own unless he be one who works with them.

I say nothing of such employments of capital as yield only such returns as constitutes reasonable remuneration, nor indeed of any profit from an employment which comes as an ultimate after its production has been satisfied,-this being dependent on public sentiment solely, or man's judgment whether an article is worth its price to him. If the public is willing and good natured enough so that the capitalist can thrive on such a basis it is the business of the public and nobody else. I am speaking, of course, of an enlightened public, free from the restraints of tyranical rule, where every man is a responsible factor and is protected by law in his right of possession and his right to choose.

This condition, as it will be seen,-the looking to public sentiment for profit,-would throw upon the individual who expects it the burden of making the conditions right to realize it.

He must first have talent or skill so as to enable him to buy equitably with his neighbor, modify his expenses equitably, encourage methods of production equably, and not allow sluggishness in the processes through which his capital can lie dead. But to do all these, he must be much further advanced in skill than now.

It is a frequent sight in any large center where tradesmen go to market their goods, to behold men "buttonholing" custom-

ers to solicit trade, and the custom engenders waste. The buyer sits in his hotel at night and views with a mixture of pleasure and scorn the horde of sellers who came from suburban points or are denizens of the metropolis, vieing with each other in extolling their wares. He makes a memorandum of this and of that, compares prices one with another, watches each degree of anxiety to sell, and then, after they are away, may join in a general comparison with other buyers. From such consultations the body may easily arrive at a very correct estimate of the quantity of surplus goods for sale, determine if it is to their interest to delay their purchases, and plan a campaign. If there is a prospect for a "break" they are likely to discover it even before the body of the sellers, and thus be prepared to take advantage of its occurence. If there is a stock of goods in any traders possession which must be "forced" there may be half a score of them who become aware of it and of the price at which it is sold.

If any variation occurs in the price of material from which the goods are produced, they are most likely cognizant of that and thus able to discount a still further distant want. If a bankrupt stock is available they will partially supply their wants from that. Indeed they may be astute enough to gain a knowledge of the market condition which puts to shame the manufacturer whose business it should be to protect his industry.

What is the secret? The one forms a combination of interests, the other shuns it; the one brings all his knowledge and skill to bear so as to obtain a true estimate from which to regulate his purchases, the other uses his skill to fight an individual battle.

Suppose, instead of this, he entered the market in a state of preparedness, knew the quantity of goods awaiting sale, took pains to protect his weak neighbor who is driven to the wall, and waited patiently until the buyer paid him a visit; or, better still, suppose by an intelligent plan every commodity was so gauged that the supply was only adequate to the demand. What a change would not this effect; instead of affording the buyer the extravagance in railroad fares and protracted hotel bills, the government would supply the orders by mail. And this could be accomplished as easily as any ordinary result if the manufacturer exercised the equal amount of skill in combination as does the buyer.

What hinders? It is the individual desire for profit, and exists only upon a speculative basis.

The manufacturer has seen an organized force grow in the shape of labor leagues to which he has been forced to succumb to a considerable extent; but his observation of this movement has not yet taught him that it is the result of an advancing people, and that in proportion to the cost of production through the use of

skilled appliances, the price of a commodity is ascending,-not descending, and that to keep pace with the intelligence of his workmen he must adopt like methods for the protection of his proper interests against any encroachments of his superior in the routine of trade,-the buyer. If this be true, where is the superior skill and assiduousness in the employer above that of his workman which can entitle him to a premium on those qualities?

There is another feature of this subject to which I desire to call attention. It is a well-known fact that to the trade or business longest established comes the largest share of profit from its conduct,-so much so, indeed, that simply the good-will of such a concern is worth a considerable premium.

But the owner frequently will not dispose of his business. From the regularity and precision with which he can anticipate trade his business has become easy and comparably free from risk. It enables him to sit in his office during many declining years, and even after he can go there no longer, recline as comfortably as age and its infirmities will admit with the assurance that his profits are still accumulating and will continue to do so as long as his name lasts. He began to accumulate at twenty-five, he still accumulates at eighty, or whatever age he attains, to be succeeded by his son or it may be his grandson. He has accumulated

even in a service of any utility except through accident.

There is a large list to be added to workers who, although not direct producers, contribute to production in an auxiliary manner. Here must be included all who through mental labor render service to humanity, either through writing, inventing, or preaching.

Soldiers also must have their place, if a country enlists only such a number as is necessary for proper protection. There are some countries, however, who greatly exceed such a limit, and advancing civilization is now crying out for the abolishment, or at least the modification of the system.

Still another class must be included, as they are an important one. This is the pauper class, consisting of individuals lacking in ability who are physically able to work, and that large class against the existence of which laws have thus far been powerless, called "tramps." They are in all sections, and gain their ends either by begging or pilfering, but rarely through hinest toil. Some are fairly worthy, while some pursue the life from a low instinct hardly above the brutes.

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endeavor. The possibility of this stimulates pity and sympathy, and he gets his sustenance. Were it possible to send every such one to a government depot of employment directly within reach, whose business was to grant the employment, people would no longer hesitate to bid the tramp go about his business, and earn what he desired. This class also must be included in the general average.

When all this is done, it is an easy matter to make a general average of remuneration, barring out the item of speculative profit, which under such a system would receive no consideration.

I shall not admit at present that the reproduction of the human species forms, or ought to form, a subject for discussion under this head, being assured in my own mind that whatever of intemperance exists in this respect, can be better cured under some other influence than a consideration of the remuneration of toil.

Passing this, therefore, we will devote a chapter to the discussion of profit.

of anticipated profit, men crowd steamers, subject themselves to every sort of discomfort and suffering, the many realizing only disappointed hope and misery, while the few succeed.

Anticipative profit, then, is born of speculation, and unhappily at present, has for its basis the sad fact that while labor is capable of yielding more than it consumes, if one individual is smarter than another in the matter of appropriating the surplus will come to him.

Acting upon this basis, capital undertakes a system by which it assumes the support of labor for the amount it can be made to produce.

To state this differently, capital is exactly that which labor creates by its exertions, higher or lower remuneration being usually an accident of time and place, which would soon adjust itself to a given standard, yet capital reaps the profit.

It is found to be the result of the borrowing principle, the labor allowing itself to be the dependent. Being a dependent it not only contributes all its resources, but gets in return only a subsistence. Instead of placing a lien upon capital for a share of the benefit from the sale of its production, it ends the transaction and leaves the surplus, whatever it may be, in the possession of capital. It has yielded itself at less than the true value as determined by the market price instead of participating in what

turns out to be a profit.

Whatever is true of one industry will apply to the others, since the whole product of industry forms only one great system of exchange, each department having for its basis the same principle of accumulation from the products of labor.

In but comparatively rare cases does labor share in the ultimate destination of its product except to pay, instead of receive, its share of the profit when it is needed for consumption.

According to the best writers upon this subject, whose views to my mind are strictly true, profits depend, in the present state of industrial life, entirely upon the rates of remuneration for labor.

Not to go into any abstract theories, which tend to confuse rather than enlighten the understanding, I am quite willing to let this widely accepted statement of fact rest where it is.

If, then, remuneration for labor was higher than at present, either the capitalist must look to greater efficiency and skill in his management for his profit, or to the good-will of society in general, or, in the last event, to such shaping of his industry as would challenge the good-will which society might be slow to accord.

To place my meaning in a clearer light, he must exhibit or exercise a better skill in managing the details of his enterprise, must adopt methods which only a better knowledge of the condition of the market will afford him if he expects to reap any

further profit for his own use than a reasonable remuneration.

And this, I will say in conclusion, is placing the responsibility exactly where it belongs,--upon him who is to reap the benefit. If he desires a profit above that realized by his fellows, his should not be a life of comparative leisure but of assiduity in developing all the talent or skill that he possesses; not in making other men burden-bearers, but through the bearing of his own burden, he being the recipient of its reward.

CHAPTER XVII

"Thus have ye made the commandment of God of none effect by your traditions."

RENT

Rent, as defined by Kent and Blackstone is a periodical profit in money provisions, chattels, or labor, issuing out of lands and tenements in retribution for the use: a compensation or return, in the nature of an acknowledgment for the possession of a corporeal inheritance.

It is a more modern term for the word "render," as used in early times when the king's household was supported by special or specific renders of corn and other victuals from the tenants of the domain.

It will be noticed in passing that it was a retribution from all the occupants of land to defray the expenses of the government.

As applied in the United States, its connection is largely with buildings, tools, and equipments, embracing such property as is movable, and so far as I have been able to learn, no enactments have ever been made to secure or guarantee a private, or individual retribution from the use of land, but are strictly confined

to contract between two individuals like any other transaction.

With such a construction of the term rent we need have nothing to do more than in the case of interest on any form of capital invested, the temporary use of which is borrowed and paid for.

But in the case of land, its owner, if he receives rent, derives a profit from something which he has not produced, and notwithstanding tradition and custom, to which he has no just right as an individual possession. It is a case in which society has allowed possession by individuals of what may rightly be called the inheritance of the whole body of mankind equally with water and the atmosphere. Its ownership by individuals is through the acquiessence of society,-not through confirmation.

It is easy to understand how, when a land had been conquered in the early ages, the king or sovereign, or in the absence of either, the stronger among the conquerors, should exact the larger share of the territory as their share of the conquest, and also, in the turn of governments where a new sovereign obtained sway, how he might grant and apportion favors to his adherents as a royal favor.

Divine right was not then understood as well as it is now, and the king was supposed to be endowed by it.

This furnishes the key to first individual ownership in land according to the customs of earlier civilization not much

removed from barbarism, and I suppose the paramount reason why there has been no change is that it would, if suddenly or unadvisedly precipitated, create national disturbances as it has in the past, in the case of successful invasion or in revolution, among the most powerful subjects or citizens and give place and preferment to a class who, whether better or worse, could have no stronger natural claims than present possessors.

But there have been other great wrongs against portions of mankind which have been righted or ameliorated, sometimes peacefully and sometimes, alas, through seas of blood. Such changes have been prompted by humanitarian principles, and the greatest of them, the abolition of slavery, has been accomplished in quite recent years. It was the lowest state of industrial depravity and naturally called forth the sympathies first.

It was a noble advancement in civilization, but it is not complete, and will not be until every degree or form of slavery is abolished.

For a man to be born without a title to occupy land is a condition of serfdom as truly as was that of the slave, varying only in degree.

No matter how broadly custom may prevail, nor what laws may be enacted to protect and guarantee ownership in land, if such enactment is possible, man's best and highest nature among all who are the sufferers will cry out against it, and all

who have the nobility to recognize every form of human wrong.

Custom is a passing thing, and no knot was ever tied in human laws that was not capable of undoing. If a system is wrong, and so acknowledged, there is but one proper course to pursue, and that is to right it,-not, surely, through any revolutionary method abusing present possession which would cause suffering and thus be unjust also, but through a peaceful process for which patience and present forbearance is required which in the evolution will be rewarded.

Land is undeniably a privelege accorded by nature for the enjoyment of man, air is another, and water is another. If any individual or nation could by a possibility appropriate these last two or either of them and convert to individual ownership how quickly would society put an end to the undertaking. Yet neither water nor air are any less nature's free contribution to all men's enjoyment and use than is land, the only difference being that the latter is fixed.

It has seemed to me pertinent to say this much on the subject of land ownership in this place, because it is the basis of an extensive rent system, but in dealing with the subject more fully at a later period I shall take into consideration some points which here I omit.

Rent coming under the distributing laws according to the present state of society, I could not pass it without brief mention.

EXCHANGE

"The servant therefore fell down, and worshipped him, saying, Lord, have patience with me, and I will pay thee all.

Then the lord of that servant was moved with compassion, and loosed him, and forgave him the debt."

CHAPTER XIII

VALUE

Incidentally, in the course of my discussion, I have had occasion to speak of value and such themes as are intimately connected with it.

I shall now enter into a fuller exposition of its nature and bearings before drawing broad deductions and inferences from what has already been presented.

I do not like to clothe my subject in any vague terms of speech for the sake of giving it a seemingly scientific aspect.

I believe that nature in her workings is so simple that we can all understand everything except the secret impulse that gives life, and in tracing such workings, our only safe guide is cause and effect.

This will be found applicable to all materials. Therefore, in making my analysis of value, I shall try to avoid ambiguity and treat of it as simply and plainly as possible.

If the theory of the subject is complete, as has been said by some writers, and copied by others, it does not seem to me to have sufficiently received explanation so as to afford in such explanations a practical and easy application.

I confess myself at a loss to understand any system of exchange value, where articles in different classes or groups are constantly changing in price, and so much difficulty seems to have been apparent in attempting to arrive at a scientific basis of value. I prefer to seek a basis which may be expressed as a measure of value in each separate article or property which exists, and with this measure of value fixed, I shall have the groundwork for exchange.

Without any ambiguity, then, I say that money in some form must be taken for this measure of value. From this, as a measure, will naturally come a consideration of the advantages of exchange on the ground of the utility which exists in a commodity. The difficulty or labor incident to its production must determine the first measurement in money of the commodity because as labor is the first requisite for its production, that should first be satisfied.

If, to illustrate value, I take a quantity of corn and another takes a quantity of drinking water, the corn has cost me something to produce, while the water was at hand without any production. It had only to be appropriated. And it makes no

difference how sorely I may be in need of the water to drink, the fact remains that it has cost nothing and therefore has no price. It is true that utility exists in both the water and the corn, but one is a natural utility and the other has cost labor in production.

Now in the final utility these relations remain exactly the same. That which it has cost labor to produce has value which forms a rightful basis for purposes of exchange, and the other has not.

If labor should stop, there would be no production, but the supply of water would be in nowise affected.

Again, in the case of water, there always being a supply, and never except in extraordinary cases any price, there can be no competition in the demand. No one has appropriated it. Therefore there can be no rightful exchange value.

Now this is true according to degree in every commodity which is apart from cost in labor to produce, and varies in all the rest according to the amount of cost.

Under the present system of trade, however, this law is broken, as in the case of a limited supply to meet the demand.

Here, no matter how insignificant the cost, a commodity may rise to extravagance in price, though it seldom will reach a very exhorbitant price without provoking a competition which will reduce it to its former price, and the reason for an abnormal rise except in those rare cases when it occurs in the necessities of life, is

usually to be found in the fact that society is not willing at the period to accept a substitute, when often the substitute would do better.

If I desire a thing simply because it is rare, I need not be surprised if my neighbor, taking advantage of my desire, and knowing I cannot procure it elsewhere, asks an exorbitant price for it, as in the case of works of art, or a select building lot in any particular section where, from others having the same desire, the sites have become rare and the owners have taken advantage of the "fad" to obtain a greater price. Again, if a particular cut of clothing, or a new fabric has been exhausted, or nearly so, and the supply becomes limited in my particular locality, notwithstanding that more may be produced at the normal cost, if I persist in my desire, the price may be made to fit the occasion, and be lowered again after my want is satisfied. It is a spasmodic demand and dies as soon as supplied.

To cite such is only to cite particular cases of speculative value, similar to that of the "gold snuff box" so frequently used as an illustration.

Should the whole world adopt the rule to take a substitute whenever the price advanced on a commodity extravagantly, prices would then be normal from necessity. They would answer the demand and no more. Any price, therefore, based on other than normal demands,-the real demands for comfort and convenience,-are fictitious

values and cannot be reckoned as guides in any proper definition of our subject.

This comprises the true grounds for a basis for value, and we shall see that it has resolved itself into the simple proposition that the value of a commodity lies in its cost of production, and nothing else. This cost may be termed labor and capital, but labor of itself is capital; hence I confine it to the simple term, labor.

But this does not by any means preclude the conclusion that demand and supply may regulate it.

It may be noticed that I say "demand and supply," instead of "supply and demand." I do so because I believe that in all general applications of these terms the one should precede the other.

Not that demand should be made to wait unreasonably on supply, but that supply should not be so generous as to spread out its abundance and leave demand to take or to leave it.

There is a difference between demand and supply. The latter costs something and the former does not. We may demand the whole world, and simply to demand it costs us nothing in material value, but if we should undertake to supply it we should soon reach the end of our resources.

From these facts it is easy to see that present methods of trade do not conform to economic law. When I furnish a supply before it is wanted, I do so at the risk

of having it rejected; but if I wait for the demand I am reasonably sure of my market.

It may be objected to this theory that were it put in practice we should have no stock of goods from which to select.

I wish to be understood as applying the theory as a counteraction against the vast amount of production which, from the lavish supply, goes begging for a market.

There is a normal ground which may be occupied.

In many occupations, especially such as furnish utilities for different classes of trade, it is possible, and very healthful, to wait always for demand to be made before there is any supply. This is the case in buildings, where a community has a normal growth of the population; of machinery and tools, and findings for them; of railroads and harbor appurtenances; of food and the necessities of life, clothing, boots, and shoes, and some other auxiliaries to comfort and convenience, where the true demand can be anticipated with a fair amount of precision. Yet in nearly all of these departments of industry the speculative tendency rules, and prices are thus regulated, not by demand, but by competition. Under such a system it is apparent that as the price falls, the demand grows, and as the demand grows the price will rise again, taking advantage of its turn.

But this is not a normal condition. If the demand exists it will make itself

felt, if not crowded, and there need be no variation in price. There is always a medium which, if prices go higher or lower, will be bound to establish itself in the last event, like a pair of scales, violently disturbed for an instant, each succeeding instant regaining its equilibrium.

This medium stage of price is the real value. Where we fail at present is in not maintaining this equilibrium with a firm hand. Why we lack in this respect is in a large measure because we have no good statistics of consumption according to price to guide us. If these were obtainable the above analysis would be plain.

As it is, we are constrained to a system of logic to elucidate the problem of high and low prices, or fictitious values, not always necessarily speculative, as they frequently come to be a necessarily existing condition, but always, I think, are born of speculation in the first instance of production.

We shall now be prepared to see that it is to the production, and the manner of production, that we must look for a standard of real value. Production, then, should first be considered,-its cost, and its natural reward.

The majority of writers regard the elements of production as wages and profits.

The student who has noted the foregoing pages will scarcely expect me to agree fully in this analysis, although I am quite willing to compromise.

If by wages and profit is meant simply

the wages and profit which belongs to industry, which has been earned, then there is no objection to the phrase; but if by "profit" we are to understand an intermediate factor between production and its destination, then there is ground for argument. For it is to this intermediate agent that speculation is due, and to speculation that fluctuating price is due.

As a general rule, goods will sell at the price that proper remuneration establishes, but we should not say at the price which competitive labor makes possible, because labor should not be subjected to such a condition as will create a competition against itself.

If the intermediate agent speculates on such a condition, he may go to the market and again speculate against his neighbor who has been more honest in rewarding industry as it deserves, and this in turn may cause his neighbor to adopt a like method of production. If already he has not the right condition among his laborers he will import enough so as to create it, and in the end the laborer will suffer.

It is a system of dishonesty not generally understood, even by those who practice it.

The fundamental law which should govern and regulate remuneration is well laid down in the words, "the workman is worthy of his meat."

Labor, then, is always of primary importance in determining value. Whatever room is left for capital should be determined

between seller and buyer;if the former is not exorbitant,he will be met with urbanity; if he is too much so,the result will be that his place will be taken by some other seller who has better qualities to entitle him to his place.

When "diminishing returns" so often cited by political economists have arrived at a point where there is no longer an attraction for labor or capital, it is a warning from a higher source to seek another field for employment.

How much is there in this simple statement which points to methods and application which tend to more rapid development of the resources of nature; has a plot of ground become unprofitable from constant working? Take another, Is it necessary to go away from home to find it? Do not hesitate,and sufficient population will follow to consume the production without extra cost of carriage within a reasonable time.

As improvements in methods multiply,production will increase to meet the wants of increasing population; but if the land is not sufficiently abundant it must be to the advantage of the increase in population to "move on" instead of herding like cattle in great centers,where they cannot move without jostling against each other.

In the case of mining,when "diminishing returns" warn the miner that the mine is exhausting, there is a consolation to be gathered from the fact that his product is money,or other form of capital which is durable, and need not necessarily be re-

plenished soon. Its value consists, not solely in the cost of production, but in whatever man decided it shall be. It is like in reason, to the reason why two and two make four, -because the people said it should be so. That it is stationary to a greater degree than other commodities is due to the fact that the will of society akes it so. Let any other commodity be ruled by the same principle and its value will be as settled as is that of money.

It is noted that some commodities are co-existent, and necessarily in conjunction with others in their production, as in the case of beef and hides, wool and mutton, etc; but if the analogy be followed further it will be found that an intimate and almost inseparable conjunction exists between the large bulk of products, especially such as go to make up the comfort of mankind, which shows in a remarkable manner the economy of nature and of man in providing whatever has utility in any degree. If I desire to furnish a house to live in I not only need to furnish my larder, but I need a stove, fuel, cooking utensils, and means to serve the food; I also need beds and covers, and a hundred or a thousand conveniences, each belonging to a different department of industry, so that by the time my house is conveniently furnished I shall have drawn on all of them for my supply. Thus, relatively, they are very intimately connected, and although the production of one does not of itself necessitate the further produc-

tion of another, my demand does furnish that necessity, and it is this which necessitates the production of beef and hides.

Thus the primary law of production, after all, and the one to which all other laws are subordinate, is found to be the wants of society. If beef rises to a higher value proportionally to its cost of production than do hides, it should not be to the detriment of the latter until there is really more than sufficient for consumption. To express my meaning differently, the value of the hides should be determined by the first cost, or value in producing, and the meat the same, leaving the destination of the product to whatever fate may await it.

Earlier in history, the fields of industry to which hides applied were limited, but in this, as in nearly everything else consumable, advancing civilization and invention has opened new fields, until now leather is used for such a multiplicity of commodities that we should be loath to undertake the enumeration of them. So also in the matter of wool, lately saddled with a duty which was meant for its protection from the inroads of foreign competition, we now behold crying out for the sake of cheapening it so as to compete with material for other fabrics. It is the striving after a lost equilibrium when the truth has become apparent that there is no such thing as having too much. We shall

all be likely to sometime arrive at this same conclusion, though it may be through many dark and confusing mazes.

Free production and free competition in it are the best safeguards against the impositions of speculation.

This fact understood, the advantages of international trade will become more apparent than now. If value is determined by the proper remuneration of production, it will make no difference where a thing is produced, it will average up its value in time as surely as will any present seeming encroachment of labor-saving machinery on labor, the main disturbing element; the time of adjustment of the measure of value in its conditions in one country and in those of another. When all are adjusted all will participate in the general advantages. The conditions will equalize on the basis of reciprocal demand.

This theory is, of course, based on an intelligence which will yield an equal cost of production, and may not apply to the immediate present conditions; but when we consider that competition would in a short time sweep away all barriers to an equalization, we shall have attained the necessary sum of knowledge to enable us to see that the theory is right.

The item of value then, should rest on the production itself, leaving all speculative value to fix its price as it may through the good-will of society.

CHAPTER XIX

DEMAND AND SUPPLY

It is not the right order to thrust things upon a person who asks none of them and who does not want them, yet this is what is done when commodities are made up or prepared in anticipation of a future market without correct knowledge as to what that market will require.

If I apprehend the subject rightly, it is not the business of supply to subserviently set the table with all sorts of viands, suited to every appetite, and then bid demand to the feast only to behold the latter so surfeited simply at the sight of all the good things spread out so bountifully that the banquet affords only the scavenger a supply, the guest leaving the food untasted.

Neither is it conducive to a healthful stomach to so feed it that the food no longer has an appetizing taste. It is usually the case that those things which are highest in the market from being rare are the ones which the people demand the most eagerly. It seems easy to pass by and ignore what one can get without money and without price, yet oftentimes the latter class of commodities hold within themselves a far greater degree of utility

and virtue. Make them rare, and every one would cry out for them. I am not now simply speaking of articles of taste, but of all such as go to make up the daily living.

If my neighbor dines only upon delicate viands and sips only the choicest liquors while I in my humble home am living upon soups, my gaze will rest longingly upon the table of my neighbor; but reverse the case: let my neighbor exchange his dinner for mine, and he will eat with a new appetite, although my dish is an humble one.

It is the rarity of the meal that recommends it to the stomach of the aristocrat, just the same as his sumptuous repast recommends itself to mine. Hence we see that whatever the difficulty of attaining, the taste, after all, is the principal ruling factor. It is a potent fact that but for this quality of taste and fashion most people would be content to live upon the simplest fare.

There is an underlying desire in humanity for some sort of distinguishment, which if men can attain in no worthier way, they are willing to attain by setting a better table than their neighbor. Thus also in clothes, ornaments, bric-a-brac, or in almost numberless things in which one may excel another in mere externals.

I am not preaching a sermon, but we shall see that to this is due very largely that demand among men which causes the world to move industriously to supply it.

A costly dwelling, beautiful statuary

and pictures, music and art together in multiplied forms with travel, athletics and sports, and to descend the social ladder to a lower strata, all forms of vice, go to swell the great volume of demand to so large a proportion that the mere necessaries of life are but an insignificant part. Multiply the present production by a hundred and it probably would find consumers for the whole, but at the sacrifice of manhood and the independence of labor.

I do not mean that the consumers would all be apart from laborers, for the latter always form a large proportion of the consumers of the whole, perhaps more extravagantly in bulk than those who do not labor.

It is a habit into which mankind have fallen, and it grows with civilization. Luxuries, in earlier ages confined almost to the wealthy, are becoming the usual thing with a great many who are born in the poorer ranks of society, and they show their kinship by relishing them even as well. I do not know that it is a matter deserving censure if indulged in a moderate degree, but I wish that every laboring man who habitually indulges in them would abstain just for the period of one year, and note the result in his capital. It would operate much more naturally and effect the same purpose, looking into the future against a possible limit to supplies than to curtail nature unduly in the matter of reproduction. I would like it to be remembered that I speak on this

subject within the bounds of temperance and health. But to resume, mankind having fallen into the habit of indulgences, demand is not so much, I think, according to the value of a commodity as to its utility or to its desirability from the point of view of society.

The competition in supply is a far more potent factor in the formation of value than is the demand, but it operates in a diverse manner.

Where demand is the factor the value rises; where competition in supply is the factor the value lowers. In the one case the speculative element is on the side of demand, on the other on the side of supply.

If demand is superior there will be a competition in demand; if supply is superior it will occur in that, and no just balance will be obtained except through an intelligence which governs and subordinates supply to demand.

Rules and axioms may be multiplied, but those are facts so fixed that they are inexorable.

If political economy is a science, then this fundamental fact is one of the most important bases it has.

It is the medium between a monopoly and free trade, and its development rests solely on education. When society becomes accustomed to any particular form or usage, the form or usage soon becomes a delusion; and so it is with demand and supply. We are accustomed to step into a shop where wares are kept and inquire for

what we want. The shop-keeper is supposed to have it in stock, even if every one in the community demands it. What an immense supply this necessitates which is absolutely waiting for a market. Suppose for a moment that the shop-keeper has it not in stock, custom has it that the next door shop-keeper has the article and demand goes there to buy. It is custom, and the shop-keeper must follow or he will lose trade. But if every shop-keeper was now obliged to send to the manufacturer for what he wants, how eager would be the buyer until it arrived.

I do not mean that it would be well for society to carry this system to the extreme. I have shown it in that light for the purpose of illustration. It is obvious that any degree which approaches the one named is just so far an advance on present systems and would yield a degree of healthy trade in proportion, and it will apply equally to the manufacturer in its economy.

I shall not make the application of this principle to labor at this time because I propose to treat it more fully in another place.

I will say, however, that labor is not exempt from the rule illustrated.

CHAPTER XX

PERMANENT VALUE IN PRODUCTION

I dislike to mention the word "minimum" in this connection, as any consideration of that involves the principle of a low rate of remuneration for labor, which I think neither necessary nor expedient for the good of any class of society.

It is in the well-being of the whole that society will find satisfaction if it ever arrives at such a state. Yet if we are to suppose that a market must be created, instead of being already created, it seems necessary to take some notice of what would be the minimum in remuneration for labor.

If profit is to be taken into account, and a market is to be courted instead of having been won, then the working out of cost has for an element the consideration of profit in the mind of the controller of an industry; if, however, the market is known and its extent measured, the capitalist can then allow a just remuneration for his labor and get his profit from the market. These are two such important propositions that I cannot emphasize them too much.

If the market is not already supplied, the capitalist can go to it with the con-

fident expectation of reimbursing himself not only for the money paid to labor as remuneration, but also a fair profit to himself. If on the other hand the market is supplied when he carries his goods, its appetite has been exhausted. It is in taking chances on this state of the market that the necessity of reducing the rate of remuneration appears.

It will be seen at once that it is to the speculative character which an ignorance of the present and coming condition of the market gives to any industry that low rates of remuneration are sought by the capitalist. The low rates are for his protection surely, but it would be equally for his protection were he cognizant of the existing or coming want, and in what degree it was being supplied by his neighbor.

It is true that no one will knowingly produce when a loss is imminent unless forced to do so to pay past indebtedness, but the number who do produce under the exception noted has never been nor can it be measured, those who are forced to such a necessity deeming it also a necessity, and perhaps of greater import to them to keep the matter quiet.

Yet the number is very large indeed. A business seemingly prosperous is often the most unprosperous. Its promoter and controller is called a capitalist, but he may be far from being so. Indeed if the real capitalist were found it would ap-

pear that his name was legion, and his servant would be found to be a system of credit.

This system of credit is founded upon a supposed value in the first instance, its seeker being able to display as much of value in property of some sort as is equivalent to the credit he seeks. But in the pursuit of business the seeker enters many channels of trade upon the strength of the rate established on his first display of value and stimulated by the hope of gain increases his business. If he makes a profit he adds to his values; if he loses he takes from them.

Were every man forced to make a complete showing of his affairs at the end of a year it would appear that multitudinous losses had been made which were never dreamed of by mercantile agencies, or by the parties who gave trust. But to what are such losses due? Has the business man raised the rate of remuneration for labor so high that the market will not pay the rise? No; if an investigation be made it will appear that he has paid only the current rate.

We will suppose he has not been extravagant in personal expenditures; we will assume also that he is strictly moral in his habits, and has throughout attended to his business not only as closely as his more prosperous neighbor, but even more so.

To carry it to an extreme length we will suppose that his credit still remains as

good as at first, the enlargement of his business having been taken as an index of prosperity, so that his credit has expanded easily, more than sufficient to cover the real losses which he has made.

We will still carry it further by supposing that from the tokens of prosperity as shown by his increase of business the community has been prompted to select him as a director in a monied institution and that in the matter of discounts he is given a preference; still to make the conditions as extreme as possible, that the influence afforded by his position gives him in addition to the special discounts granted on his paper in his own bank, the confidence to go to other banks for favors. His position has now become so clouded and hazy that the most astute bank expert can never discover it without the aid of the business man's books. He certainly seems sailing on the wings of a most buoyant prosperity. His mercantile rating rises with each inflation of his credit and he is marked A, No. 1.

Let us leave him here for a moment and seek the stimulus. At the first it may have been an honorable hope of reasonable remuneration for the talent which he possessed, but gradually from this he has been stimulated by the hope of greater gain until he has reached and exceeded the limit of his capacity. He has taken chances, or risks, which when his career first commenced he would have shunned as ruinous. The limit of his skill and talent

has been passed, but not so the limit of his credit. He examines his affairs and comes to the conclusion that he must plan carefully to recover lost ground. He has, we will say, become involved a quarter of a million, and his assets consist simply and totally of his credit. His interest account makes it impossible for him to make a gain in his business if there were no other impediments, but his credit has put tangible property into his hands. In spite of the risks he has taken in the conduct of his business, he still takes no risk from fire, - a far more remote calamity than is imminent from his every-day business, - but he keeps insured. He has, then, interest, taxes, and insurance to pay on a property that does not belong to him, and he cannot retrace his steps. He resolves to own his insolvency, or perhaps at some stage is forced to do so by having exposed his affairs to suspicion.

Credit is a very sensitive thing. While the business man is running under full sail and the breeze is propitious, credit looks from the shore with complacency and watches his career with pride and joy. When the sails begin to flap in a slackening breeze, the interest flags and the on-looker turns his gaze to another craft.

It is when man seems to be on the ascending scale that credit smiles on him, but let him take a single step downward and the smile turns to a frown of suspicion. What now was the stimulus in the

case taken for an illustration?

It was the spirit of speculation, aided by an ambition through which the man overrated his talent and skill.

There is no permanent value here.

Some years ago the writer was advised by a mercantile agency to cultivate the good graces of a certain man so as to gain the advantage of his financial influence. "What is the sum of his influence,?" I asked. "Why" was the reply, "he is an officer in the ------Bank with a special privilege of discount of fifty thousand dollars, and also has lines of discount in twenty outside banks, besides his capital in trade."

"If such is his condition," I replied, he will probably fail in less than ten years."

The result very nearly proved the correctness of my prognostication, for although he exceeded the limit of time which I set, he failed in less than eleven years with liabilities of nearly a half a million and assets which paid less than 10%.

Was there any permanent value at the start? It had been swallowed up in the hope of realizing something which he had not earned and could not earn. It was too great a task for one man to accomplish.

Now what was sacrificed? Trade, as it is constituted, has reckoned upon just this risk. It has set bounds to the cost of production at what may be called minimum remuneration; it has allowed a prospective

gain in profit, has furnished credit for an unhealthy expansion of the industry, and allowance has been made for the risk which must be incident to expansive methods of production. It has received its pay in advance. The market has been disturbed only in so far as a shortage occurs in its supply, a thing so remote in the present order that it is not worth reckoning. What was sacrificed? That which was really sacrificed was something of far more value than gold,-it was human exertion, underpaid to make room for the risks belonging properly to capital, profit, and gain.

This, then, although enfeebled by its exertions, not only was the basis for all the rest, but is still the basis. It remains the bulwark of all industry, its guardian and perpetuator, and yet a victim to profit and gain.

I do not wish to be regarded as extreme on this subject. It is a fact beyond dispute, especially in the United States and in England, that industry is much better remunerated than formerly, and that the advance of society tends to further increase it. Every rationally conducted labor organization has been a factor, but also capital has more and more discovered that it is not a loser,-that really an increased rate of remuneration to labor not only does not restrict its operations for profit, but broadens the market with each step taken in this direction. So also in the abridgement of the hours of

labor. The leisure thus acquired by the industrial classes puts them in just that degree on a par with their more fortunate neighbor who works not at all, and with their remuneration in their pockets they imitate their neighbor in expenditures so far as they can, thus creating new demands for production and enlarging its field to the benefit of the capitalist.

It is from these facts, stated somewhat disjointedly, but all bearing upon the subject under discussion, that we are led to the following conclusions:-

That in the reasonable remuneration of labor lies the prosperity of all the people, the capitalist not excepted.

That this being true, the rate of remuneration is the root of all permanent value.

That minimum rates are not the subordinates of a superior force because they are expedient, but because they furnish a cheap starting point for profit and gain, a field for speculation.

That a reasonable rate of remuneration is the normal basis for value and will tend better to preserve an equilibrium than will any such unstable thing as speculation, and finally, that an unmeasurable system of credit not only works to the disadvantage of him who receives it and of he who it employed in labor, but in this operating destroys, rather than upbuilds any permanent value.

We have come, then, to a natural value so simple that it can be defined as that "hire" of which the laborer is worthy.

CHAPTER XXI

FINAL ANALYSIS OF VALUE

We have come now to the final analysis of the workings and virtue of exchange.

We have found, I think, that labor is unquestionably the basis of all trade and industry in whatever branch it may be.

In summing up, we therefore need only to perfect the proof of our foregoing premises by analyzing somewhat further the nature of other agencies than labor.

The producer in the first instance is the person whom production has cost something. If there is a series of producers as is usually the case, each producer in turn has yielded his effort as the material has progressed, and is in turn worthy of consideration.

But I think it is a mistaken idea that the capitalist, or rather the promoter of an industry, the employer, is properly to be reckoned as a producer. If he works to the end that goods shall be finished and marketed, he is to that extent properly contributing as a producer; but in any peculiar management of rates of remuneration he ceases his functions as a producer and becomes a speculator. Whatever may be his outlay, therefore, either in plant or in machinery or tools, must be reckoned not as something which his labor has

cost, and certainly not what his laborers must pay, but what society, which has the benefit of his production, is entitled to and ought to pay, leaving labor unincumbered. This is exactly the condition that nature imposes, and it must be right.

Whatever variety of labor is expended in order to produce an ultimate product, as fo instance weavers, spinners, wool combers, and shepherds, also more remotely builders and brickmakers who create shelter for the industry, and the machine makers and iron founders and miners, together with all the inferior employments waiting on the others, as in the case of manufacturers of clothes, each in its place is, or ought to be, subject to the same law of government which makes labor the prime factor, the most important necessarily, and therefore the first which ought to be considered in any estimation of value.

Any other example excluding this as the first factor will be found to have been so made by falsely clothing capital with a virtue which it does not possess, namely, a result of abstinence. Until every laborer is the accumulator of the capital which exists, this cannot be true.

It is said by some writers that the return from abstinence is profit. If it is so, then profit should belong to labor solely, since it is labor who is the great abstainer. Whatever profit, therefore, may have accrued from any part of an outlay for productive purposes, whether in the plant itself or other auxiliary plants in

a preceding stage of the production of a material, although properly forming a part of the cost of production in the ultimate should be settled upon equitable ground between the promoter and his employees according to the time, skill, or talent which has ruled in their production.

We therefore are inclined strongly to the belief that no consideration of profit can legitimately enter as a factor in estimating value until we have amalgamated profits with labor and made them one.

In any other way, profit must become a speculative element, fluctuating with each variation in the condition of trade, and as unstable as a basis as is speculation.

In the case of a tax by government, while it forms an element in making the price, it is so well fixed in the public mind that it need not be considered as forming in any degree a basis for value, because it is temporary and liable to any change which society may dictate.

The only arbitrary element of value, then, we have found to be the labor in its production. What the remuneration for this shall be is entirely a question for society to answer, as whether high or low, society will be the consumer and pay the price. If the product is a necessity, it may become exhorbitant and extravagant as related to value if speculation gets its control. If it is an indulgence of any sort, society will most likely look askance and hesitate. If it hesitates long,

capital will fluctuate to the field of necessities and pour in sufficiently so that speculation becomes enfeebled from its onslaught, and the indulgence will thus become scarce, finding a market again, while necessities will soon reach a normal price. Thus the equilibrium of trade is bound to sustain itself in any considerable period, whether prices are temporarily high or low.

The natural value will be that value which establishes itself from the recognized remuneration of labor and effort in all its branches, all other value being fictitious and incapable of sustaining itself for any length of time.

Exceptions will not be found in any real necessity, as nature furnishes all those in so great abundance that there is no scarcity except in case of accident through famine,-a thing very much less imminent with modern facilities for transportation than formerly,-and therefore a "scarcity value" so termed, can apply only to indulgences or matters of taste.

The only universal element of cost of production is labor, profit being an incidental element, as are all other elements such as taxes, etc.

All trade value, then, depends on the remuneration paid to the producer, or fixed by him, and needs only the sanction of society to make it permanent.

If remuneration is generous, it constitutes high value so far as it enters value as a factor, that is to say, if addition-

al and speculative profits are added to it, market will be higher than under low remuneration. It depends solely on speculation whether trade value is high or low, and in its turn speculation depends on the popular will of society for its existence.

I hope this will be perfectly understood by the student, because I shall have occasion to present this truth again with greater force.

In a normal state, therefore, speculative profits serve as a disturbing element in fixing values which, without this disturbance, would remain uniform.

The only deviation from this rule would be such as is caused at intervals by the introduction of labor-saving appliances, which soon adjust themselves to their place, and to the advantage of labor in saving of time.

If anything, such disturbance should tend to increase rather than lower the rate of remuneration, since the machines require skill in their operation, and skill is entitled to an additional reward, being no less a part of the advantage in cost derived from the labor saver than the appliance itself.

Hence from all the preceding we are able to sum up as follows:-

To establish a permanent value, it must rest upon a permanent basis.

Profit being unstable, it affords no such basis. Industry and its reward not being speculative, but being a funda-

mental law of progress and essential to life and to society, does afford such basis, and is the only reliable one which can be adopted.

Speculation,-a system of supply and demand, reckoning for a surplus profit,-all these are tributary to, but do not form a valid part of industry. They are only results which follow it and are all dependent upon it.

Whatever theory of value is entertained apart from this is by the acquiescence of society, or that will which predominates with such a portion of it as are interested in developing it from motives that are unquestionable.

Thus it will be seen that most present values are established because man says they shall be so, and not upon any fundamental law which cannot be changed by the same, or a superior force.

Let it be the aim of educated society to create such change, and place value on a truly scientific basis which will be permanent.

CHAPTER XXII

As promised earlier in my work, I shall now endeavor to make a further analysis of money and its functions, intending by this to show its convenience, its use and its misuse.

In the performance of this task, comparison will not form an uninteresting part, presenting to the mind many a grotesque situation in ill accord with the present state of society.

Imagine, if you can, a procession of cattle, oxen, and sheep as in the early days at Rome, and adopted by Homer in the Illiad for exchange purposes, for pay, or reward, or vast wagons carrying corn, as is the custom even now in Norway for money purposes, or other of the many things already enumerated and many more, and if these commodities should converge to a given point and the inevitable barter and trade should ensue there would not be room in storehouse or street; yet such would be the case were all the moneys ever used by man now in existence as medium of exchange, and no others.

It was natural, therefore, that early in the history of society, from the need that existed for a medium whereby to effect the exchange of one commodity for another means should be sought which would serve the purpose without removal of bulk.

It must be not only a standard measure of value bearing upon its face the authoratative mark, but it must be of convenient size, and divisible into several sizes to suit the relative values of

commodities for which it was to be exchanged, and also durable, also its destruction in private hands would entail private loss. This is a very important consideration in favor of hard money. Thus by the will and agreement of society, gold and silver finally became this medium of exchange, just the same as the rule that two and two make four came into existence.

Both seemed expedient in the economy of affairs, and the people set the seal of their approval on them and said it should be so. In the case of gold and silver as money, their purity, their quality of durability, and the ease with which they could be handled or preserved, added to their easy division into parts, gave them preeminence over other commodities.

Coins were soon in vogue, because they could be made in convenient form and size, the stamp of authority as to their measure of value was easily applied, and their designation was thus plain to all people.

Thus it has come to be the general understanding that a commodity is worth so many dollars and cents, or so many pounds, shillings, or pence, etc., they being the measure of relative value just the same as is the foot or inch the relative measure of length, breadth, or thickness.

As J. S. Mill says, "They are a sort of ticket, or order, which a man can present for payment at any shop he pleases, and which entitles him to receive a certain value of any commodity he makes choice of."

Money is simply a matter of convenience

and can serve no other purpose. It is the representative of future value in something else, hence its desirability. This being the case, there can be no value to money or its material except a market value or through established custom of society, or the use of its material for ornament. If this be kept in mind, it will clear the way for a better conception than often prevails.

It is, then, the agency between commodities, making exchange or purchase possible, and it has its measurement according to the relative value of commodities, being the standard by which they are to be estimated either today or next year, relative values remaining the same. If the values change, money is the barometer which denotes the degree of change. When it is offered for goods, it may be said to be offered for sale, since the goods have a value in themselves which is agreed upon whether money exists or not.

The buyer, therefore, offers so much money as an equivalent, or a representative equivalent to the goods, and as long as he has it he can buy. If his supply comes short, he is tempted to part with some other commodity to obtain another supply, and if it is not easy for him to exchange his goods for it he is likely to offer a larger quantity, for it is necessary to his convenience to have it.

As long as the supply holds out, if his goods are wanted, he can find parties who will supply him without his paying a

bonus;but if the quantity comes short,his neighbor,realising the importance of its possession equally with himself,is loath to part with it without extra consideration, and thus a bonus is exacted as the price of exchange and he is obliged to pay more goods for it.

If, on the other hand, he has a surplus of money in his possession and desires goods for it,then goods being in greater demand than money,his neighbor may put a bonus on goods instead of money, and the money must pay for it.

Thus if the market is drugged with goods,money will be at a premium,to the depreciation of value in goods; if the market has a surplus of money,goods will have the advantage, and money will not have so much purchasing,or exchange power.

If,then,all the money in circulation is insufficient to effect the necessary exchange of goods,the goods,together with industry generally,must suffer,-or if the supply of goods is so much greater than the demand that trade lags,money,although a medium of exchange, cannot relieve the market of the surplus when nobody wants.

In both these cases goods will make a bid of a larger quantity for the sake of exchange.

In the opposite case, if there is more money in circulation than is demanded for purposes of exchange,it will find its way into every avenue of trade to get rid of itself, making itself subordinate in mea-

suring value, and thus oiling the wheels of industry will make everything lively, seeking a place where it can exhaust its surplus amount to the best advantage.

Thus it will be seen that when money is plenty and circulates freely it is worth less in exchange than when it is scarce, although its measure of value has not changed. This at first sight would seem a contradiction, of terms, but the reason it is so acted upon is that, being plenty and circulating freely, all the products of industry for which it exchanges go more quickly into consumption and in so doing relieve the market of its surplus of goods, making room for a new production.

Trade thus relieved braces itself and asks more for goods, because not only is the surplus disposed of, but it has become easy in circumstances by exchanging the surplus for money, which makes it independent while money continues plenty.

When money is not plenty, however, the reverse is true. The surplus of goods which if in the hands of the consumer would free the market and make room for more production is a burden. The tradesman seeks in vain to unload because he has few buyers, and is constrained to lower the price so as to lure purchasers.

This condition is what makes money "high." From being scarce it has become precious.

I think I have stated this as simply and as free from ambiguity as is possible.

It is the simplest form of money exchange.

We proceed now to a form somewhat perplexing from its being more complicated in its working.

Money, or rather coin, which no doubt the student has had in mind while we have pursued the discussion, is not the only or indeed the quickest medium for circulation. Comparatively speaking, if coin was the only circulating medium, we should be removed only in degree from that cumbersome form of exchange in early vogue.

It was seen there that the bulk of commodities would not only choke up the avenues of trade and make all centers almost uninhabitable, but also retard the working of trade, because its continual removal from one market to another could not be accomplished with ease and despatch. The same trouble would exist only in a lesser degree if society were entirely dependent on coin as a medium.

Hence, to arrive at the greatest facility which money affords, other representatives or measures of value have been established by the use of bank bills, checks, drafts, etc., each of these being supposed by society to have somewhere its equivalent in measure of value.

It is to this facility that a quick circulation is due. The factors named, together with others which we shall name hereafter, make possible an interchange much more rapid than could be effected by the use of coin, and they also add almost indefinitely to the volume of what constitutes a circulating medium.

When it is considered that this medium must first go from the capitalist, whoever he may be, to the laborer so as to supply him with subsistence, from him to the shops, from the shops to the bank of deposit, and again to the capitalist for further use, it is apparent that either every one must have a surplus in hand, or else the medium must do its work quickly so that no one need suffer by waiting for its arrival. The increased efficiency of money as a circulating medium would not of necessity add to the general wealth, but would owe its expansion to a multiplication of measures of value, all being representative in their nature, for the sake of public convenience. It therefore does not affect values except as it adds to the convenience and the rapidity with which it can be used. It is only by increasing or diminishing the quantity of goods in the proportion which they bear to the existing amount of money in circulation, that market values, either of money or goods is affected, the real value always remaining in the goods or commodities.

It is stated by Mill that the value (meaning the measure of value) of money, other things being the same, varies inversely as its quantity; every increase of quantity lowering the value, and every diminution raising it, in a ratio exactly equivalent; and he goes on to state that this is a property peculiar to money, that it is not true of commodities gen-

erally, and explains this variance by saying that in ordinary cases of demand in commodities, the desire, being for the thing itself, may be stronger or weaker; but in the case of money, the universal desire, due to the purchasing power of money, gives it precedence owing to commodities being dependent on the strength of desire. I think this is misleading, since although it will apply to all such commodities as are simply matters of taste, it cannot apply to absolute and indispensable necessities. Society is willing to expend for these exactly as much as is required for subsistence at any rate, and therefore if they are rare they will be higher, or if abundant they will be lower, being affected precisely as is money. I deem this explanation necessary because it seems to be confusing to give to money a quality apart from the value on which it rests, and to make money peculiarly the thing of value in itself.

Nobody will own for a moment, that a gold coin is worth its price except as it is recognized as a measure of value.

As soon as we depart from this standpoint, its value lies in whatever shape it has as a thing of beauty, and takes its place with all the other articles of taste, resting its value on precisely what people are willing to pay for it, just the same as a bit of paper, transformed in appearance by the lithographer's art, enhances in value. Gold in the rough would be even

less valuable than some paper, were it not that it has been adopted as a standard measure of value recognized by all nations.

But there is a property possessed by money worthy of distinction among commodities called necessities, and that is the use of money trading upon itself, using money for the purpose of making money.

It is always the case that there is opportunity for investment, and the rates offered as an inducement vary in different localities or in different countries.

Every country is supposed to have due regard for economic law and to conform as nearly as possible to the popular demand for money. That is, if the volume of trade increases, it is intended to increase the means of exchange and purchase so that trade will not be impeded by any shortage of facilities. But it may chance that from some cause, either speculative or otherwise, these means have become inadequate for the purpose intended. If this is the condition of a country, its brokers in the present state of society are very quickly aware of it, and knowing that in another country or locality such shortage does not exist, it calls on the brokers of that locality for a temporary loan.

These latter brokers are eager to respond, being assured of a better bonus for the money than the home market would yield, and proceed directly to gather all

the gold they can to fill the foreign demand. Thus there is a use for money at an advanced rate, which prompts speculation to seize on all that it can get.

Now since in the first place the supply was measured to the wants of the home country, every draught upon the supply shortens it, and while money is made upon money, industries must suffer from its lack and lose. It loses because its buyers, or consumers, have less to use than if all the money remained at home, and consequently cannot spend.

This is equally true when the money of one community is diverted from that community's industries, although it is not likely to last so long, and equally true when an individual spends for trivial things what he ought to devote to comforts or necessities. It entails suffering on all who are dependent upon the money and is only relieved when another supply is forthcoming. Thus in the fluctuation of money, or its diversion to foreign channels, a value seems to exist which in the reality is fictitious. This seeming value creates a price, and money is bought and sold on other grounds than for goods, being a thing in itself of barter and sale. It will be seen that this is a diversion of money from its proper and legitimate course, and would not happen were it not for speculation; neither would it happen were it not for the rigidity with which the measure of value is sus-

tained by society. If people could rid themselves of the notion that when money is fluctuating in price their confidence must be shaken in the immediate prosperity of business industries, and if every man would go about his business the same as usual, loaning his neighbor, when necessity required, either credit or more capital, the effect of a short money market would only react upon itself, being inoperative upon industry and trade.

But so strong is the force of habit, so fully recognized is the power of money in the popular mind, that when it becomes short, it creates an uneasiness sometimes little short of a panic.

People forget, or do not know, that there is always a possibility of obtaining a substitute which for the time being will operate equally as well for all uses.

This substitute may be found in the same quality which sustains a government, a state and all their institutions, and an individual in his daily life,-good-faith. Were this fact appreciated, and were people to adopt a suitable substitute resting for its security upon this universal principle of all life, temporary shortage in money would not affect prices or values, and this is now being realized to a greater extent than formerly.

There is still room for improvement, however, and is frequently shown by a dull market and sleeping industries or a hurried and spasmodic activity, owing to a popular belief that values will vary be-

cause money is more or less in demand than when normal with the wants of industry. Let us encourage faith in each other.

There is one other cause where money trades upon itself. This is where it is invested for gain, and the periods when its gain is declared by banks and other institutions are not uniformly scattered throughout the year, but occur nearly together. In this case, the sudden influx of money gives as sudden increase to trade, especially to that class of trade with which unearned gain is assimilated, matters of taste, which have waited for this opportunity for gratification.

There is only one way in which these examples affect general prices of commodities. If a money shortage is sufficiently prolonged to create a shortage in the supply, it will by such means make prices higher until the shortage is made good; and if on the opposite side an influx of money continues so that all industries are affected by its abundance, they will thrive fictitiously for a season until another shortage in money warns them of their peril and they descend to their proper level and proportion according to the normal wants of society at the given period.

For the most part, I have taken the ground of other writers on this subject, but the student will, I hope, observe that I do so with a qualification. I have stated conditions substantially as they exist upon an accepted basis of gold and

silver as the foundation upon which trade and industry rest, and although such conditions are delusive, since solid money rarely represents a hundreth part of the volume of trade in the several fields of production and distribution, it is nevertheless supposed to exist, which, if you please, is of exactly as much service as though it actually did exist, being in no less manner by the will and agreement of society on a principle of laisser-faire, or "well enough it is," which is equal in its effect to the arbitrary insistance by this same society of a gold or a silver measure of value resting upon the real existence of the necessary quantity of precious metal.

It is well enough, no doubt, to make the profession plainly understood, so that there shall be some general starting ground, If deviations occur along the road, it is sufficient that the guide-boards point the way to a safe destination. Thus if we have for a time taken a substitute for money because there was not enough at hand for our convenient and universal use, we shall still be prepared to suit the substitute to its use by the customary rules of measurement, although the measure is temporarily absent.

Whatever money is absent, therefore, and from whatever cause, whether kept in bank vault, sent abroad, or retained in the pocket of the individual, does not necessarily make the supply of a circulating medium short for purposes of exchange or

purchase, and therefore need not affect the value or price of commodities. It only causes inconvenience in the general circulation for small purposes of trade.

I will close this chapter with some illustrations.

First, we will suppose that the real amount of hard money in circulation in a country is $500,000,000.

If this is actually reduced to one-half, prices of all commodities will lower to one-half their former price after a season during which the adjustment in all fields of employment is taking place, because money becoming rare, people will vie with each other for its possession, money usually being preferable to goods, for the reason that without it, all exchange and purchase is retarded. Money thus is at a premium. Of course it is understood I have stated an unusual case, no such reduction being possible, because long before it had become universal some substitute would be sought, as was in the early days of the war of the Rebellion, when the government measures were not swift enough to supply the eager and swelling demands and the people were constrained to seek relief, the shop-keepers issuing for the time being tickets for various small sums with their promise to redeem. Such a system, of course, could not prevail for a long period, for the reason that in the multiplicity of tickets the responsibility of the issuers would soon be lost, but the tickets answered the necessity of the time.

If, on the other hand, the amount were increased double, then the prices of all commodities would rise until they were double also, according to the inverse rule.

The above statements are true, it will be observed, whether the money withdrawn from or put in circulation is of metal or not, so far as inferior material for money will circulate.

To suppose that we could establish a paper money in the United States which would circulate on a par with gold unless its value was guaranteed by gold, or something of equal and stable value, would be as much as to say that a man can cancel his obligation by giving his promise to pay with no security behind it which will guarantee its payment. But such a resort is had sometimes in order to tide over an emergency as was the case above cited, and later by the government of the United States during and after the war of the Rebellion, when it would have been impossible for the government to procure gold, and dangerous to issue bonds redeemable within such time as the people would have desired if they were asked to subscribe to the loan. Money must be had for the purposes which the war created, as well as for the customary uses in circulation, and it must be had speedily. The "greenback" issue was to meet this urgent need, and rested on this need for acquitment.

It had no security except the good-faith of the government, which was itself in jeopardy from a state of war, but the needs

of the people for a circulating medium caused it to become popular. It had the inevitable effect, however, to raise the price of all commodities relatively with its bulk, with one exception.

Land, being of such price as is above the average pocket, did not appreciate in value proportionately with other and movable property. The common worker, taking advantage of this, in many an instance became the possessor of a home, although he had never been the possessor of one before. He simply found himself in possession of a margin which, if expended in common necessities would have exhausted itslef as usual owing to increased prices, and now magnified in value as compared with land prices, and it encouraged him to economize in various ways and swell the volume. In hard money times his margin would have seemed too insignificant to prompt further saving. Had he expended it for articles for consumption, or for indulgences, its volume would have measured no more than formerly, but land being slower to respond to the new conditions, he obtained nearly treble value for his money.

To such a condition is due the popular falacy that inflation brings prosperity.

It certainly does do this temporarily, because the added amount of money, or that is termed money, gives an impetus to trade and industry, which, with such a volume of currency in place as was issued by government during the war, may be felt for quite a considerable time, or while it lasts.

Had specie payments never been resumed, however, long ere this every commodity including land, would have conformed to the raised price caused by reason of the inflation in money, and the advantages being only temporary in their character, would have disappeared.

Why this is true may become obvious by a little thought. Peace restored, and the government resting again upon a firm basis, people abroad seeking investments, as is always the case, would have taken advantage of having drained gold from our country in the common course of trade, . brought it again here, and on the strength of its premium of nearly three to one, would have bought lands to the same advantage as did others, which would have hastened the time when lands appreciated in value equally with other things. But this is not all that is to be considered. The war being closed all business was compelled to conform to the new conditions. At first, there must be a recompense in commodities for waste. This especially applied to the southern portion of the country where industries had been so paralyzed that people suffered for the want of everything, having exhausted all that was consumable or nearly all. Thus industries were given a longer lease of prosperity than it otherwise would have enjoyed. This waste satisfied, the extra labor which the dissolving army brought back to their occupations, and the always to be dreaded over-

supply of goods and commodities would not have been long stayed and a dull season would have ensued. Then would have come the realization in all its horrors of prices nearly three times higher than formerly. As long as the workman could be kept fully employed, this would not be realized, but as soon as employment ceased or lessened in quantity he must be left not only to his own resources to obtain subsistence during a season of stagnation, but he must pay the extravagant prices for foods. True, the privation to which he was driven would affect prices in time and cause them to lower in an inferior market, but while this was going on he must have been exhausting whatever resource he had, and therefore unable to derive benefit from the lower state of the market, besides having endured many privations.

The tradesman and manufacturer, the agriculturist in his degree, all would suffer from the abnormal depreciation of their goods and commodities, and failure and bankruptcy must ensue.

Now all this time gold would have sustained its equilibrium, royal and mighty in its sway, because it would have been exchangable, and without fluctuating in its measurement of the value of a pin, or of a township, but to the damage, if not destruction of all whose dependence was in their labor. It was to prevent such dire calamities that the government approached, and finally set a time for the resumption of specie payments.

Had this been precipitated, however, without warning, its effect would have been to create such sudden changes in values by withdrawing so great a proportion of the money in circulation that it would have demoralized trade and industry and caused stagnation in every branch. To prevent this, the government named a time in the future so that industries might be able to prepare for the change in conditions.

In the meantime the government performed its part in minting and putting into circulation as large a proportion as seemed necessary to fill the deficiency caused by the redemption of paper currency. It was the government's declaration that it was ready to pay its promises in the current funds common to all nations.

This subject will appear later, when I shall have more to say on the expediency or inexpediency of paper money which is virtually incontrovertible.

To continue my illustrations,-suppose, instead of any reduction or increase, the amount of money in circulation is kept stationary.

We will take again the war of the Rebellion in which an emergency arose demanding a large and sudden outlay.

Had the government at that time issued bonds solely, not only would it have been very questionable whether they would have been taken sufficiently, considering the chances of a state of war of such dimensions, so that the funds received by the government would meet its purposes; but

whatever response it did meet, would have taken just that amount from the general circulation excepting such portion as was taken abroad, which while the government was at its greatest straight, would have been small from a lack of confidence in the outcome of the struggle.

All trade and industry, therefore, besides society in general, would have suffered from shortage, and more goods would have been given for the money, in order to procure it and be able to purchase and exchange.

This would have operated to make every one poorer, because not only would the laborer get less employment, but he would inevitably, from the competition of labor with itself, be obliged to work for less reward or his place would be filled by some one else.

It will be apparent, therefore, that in order to preserve an equilibrium in prices and also in labor, the circulating medium should at all times conform in bulk to the normal needs of industry. Any increase or diminution unless temporary, as in the case of a diversion from one channel to another, must affect prices and therefore prosperity, being either in favor or against, as the case may be. But the rotation of money will soon remedy a temporary shortage and restore an equilibrium if not disturbed by abnormal change in volume. It is the normal which will ensure the highest degree of prosperity, and prevents panics in money.

CHAPTER XXIII

COMPARATIVE MEASURES OF VALUE

We have noticed in a former chapter what caused gold and silver to become the measure of value, viz:, their convenience and size; their easy divisability for large and small purchases and making change; and of still greater importance, their durability, so as not to deteriorate in value to the loss of whoever the holder might be; their portability, and a uniformity in quality so as to be able to depend upon them as a standard.

In addition, also, it is desirable to have something which in its natural state can be used, and again resolved back without great loss, and gold and silver, being stamped authoritatively, there need be no question of their authenticity involving the good faith of individuals as to their genuineness, as they can be assayed.

It is easy to see that all animal, and nearly all vegetable substances must be excluded, while among the metals, iron is quickly subject to rust, lead and copper are too soft, and tin is too easily broken, and all of them, from their low cost of production are inexpedient for use.

Precious stones, durable, and desirable in some respects, in order to be easily distinguishable in value, would have to be

cut,an operation much more costly than to produce gold and silver,besides which they could not be assayed to test their quality,and there are but few experts who can trust implicity to judgment as to their true value. They are a species of playthings which are passed from hand to hand very much on trust; which, however, does not greatly matter, as they are usually possessed by people who are easy in money matters. If they were to be counted as a poor man's pay for labor,this failing would become apparent at once.

One other consideration why gold and silver have been chosen as the standard measures of value is that their measure should be a steady one, so that if I desire to use a coin a year or ten years hence, I shall not be a loser by having kept it in my possession.

There is also this fact,which although belonging to a later part of my work I will here mention, that gold and silver can be transported to all parts of the civilized world,and there find takers in exchange for the wants of man,being universally recognized on the same grounds substantailly as above specified.

We have come,then,to see the considerations which prompted society to adopt gold and silver for a measure of value, being no less than they contained the qualities which other metals did not.

The next step is, how to obtain these metals in sufficient quantity to meet the requirements,and here appears the necessi-

ty of value in them, since to procure them always involves hazard and cost.

While it is true that many men have become wealthy from the working of mines, it is equally true that many other men have become miserably poor, besides multitudinous seekers who have left home or country to eke out a bare existence without the least reward.

Now while I do not think it necessary to take the very worst mine, as Mill does, for a basis for cost of production, such being from necessity abandoned and its promoter ruined, there is an average of this class with the more successful one which fixes the cost pretty accurately, and this average has so nearly been estimated that with the exception of rare "finds" to use a popular expression, gold bullion seldom reaches the mint for coining in an amount exceeding the natural demand for increase to replace worn coin, substitute for lost ones, and to meet the needs of growing population, being diverted to manufactures in the arts and trades sufficiently to keep it at a fair equilibrium.

This is not quite so true of silver, because of late years the supply has not only been large, but is more easily obtainable and therefore less costly. While still retaining its quality of durability and beauty it enters much more largely into manufactures than gold in the form of plate, table ware, and articles of taste, apart from personal ornament.

These facts are what give to silver a more common mercantile or market value, subjecting it to similar vicissitudes of time and season as other commodities, and making it subordinate to gold as the ruling standard of measure; hence all attempts thus far to raise the value of silver in our country in its proportion to gold, or to fix its value arbitrarily have failed, not because silver may not at one time or another be worth more than its proportionate value, but because it may at one time or another be worth less, from market fluctuations. If it were as costly to obtain as gold, it would be possible to keep it at an equilibrium, or if its value could not change a proportion might be established; but in the absence of a strictly steady valuation, it is only able to sustain its value on the same basis as a basket of fruit, the value of which may change with each changing season.

I hope I have made this part of my subject sufficiently plain so that the student will comprehend not only why gold and silver have been selected by mankind as standard money in preference to any other substance; not only why there is value in them which can be depended upon, but also why gold is to be esteemed more highly than silver, comparatively, and for the purpose named.

From the foregoing it will be apprehended that gold and silver have both of them market value as bullion, and if both were to be arbitrarily fixed in value by

the government, free from cost for mintage, and no market value interfered, they would represent about the same value in coin as in bullion.

From the equable quantity of gold that comes to market, seldom seeking coinage faster than it is actually wanted, and sometimes not so fast, this becomes true, the government coining it free, so as to lure it to the mint in sufficient quantity to meet its wants.

In the case of silver, however, from the great surplus existing in bullion, there is no necessity for the government to offer inducements, as it can always be bought in the market whenever it is needed. In fact it is so plenty that it seeks all ways of offering itself for sale, just the same as does any other commodity. There is always a supply equal to the demand, and lately, considerable to spare, waiting and anxious for a market which it finds neither at home nor abroad. This is not true of gold, its use for coinage being so universal that it disappears as quickly as mercury if not constantly watched, all peoples wanting it and none often having it in ample quantity. This universal want, sometimes in cases when gold from whatever cause becomes short in supply, tends to create a premium; but the calculations of governments are so well made for interchange and circulation at home and abroad that this does not happen to a great degree unless made to do so by speculators, who sometimes temporarily succeed in

looking up gold enough to produce a shortage. In times of peace, in a country in normal condition, this is about all that disturbs gold in its equilibrium, and this could not do so for more than a short period, because the bulk of gold in circulation altogether is so large that any one man, or a number of men, would find it impossible to control a sufficient portion of it to alter its steady value except locally and spasmodically, such disturbance operating only in the immediate vicinity where it was created.

The safety of coined gold is shown by the lack of profit in coining it, the bullion selling equally with coin so that there is no temptation to private individuals to attempt coinage, any spurious coin in which there might be a profit being easily detected by people generally, and the possession and use of it for purchase being severely punishable by law. It will be seen that free coinage by government is for the purpose not merely to call gold to the mint, but to guard as well the purity and equality of the measure of value. The only temptation to coin privately therefore, would be a condition in which there was such a tremendous shortage of gold that all people would cry out, and this is remote, because the government is on the alert to keep the quantity in circulation sufficient to meet the public wants.

As long, then, as the value of the measur-

ing standards of value are as carefully guarded as shown above, and the advantages named are so varied and important, and also, since certainly some product of the earth must serve as this measure, the preference of mankind will be given to gold and silver, in the degree to each which each deserves as a utility.

The cost of production will determine their comparative value with all other commodities, and their demand and supply will determine any fictitious value that may obtain at any given time and locality.

This cost of production is not to be determined by "the most unfavorable existing circumstances," as Mill has it, for the reasons I have already given, but by the average conditions governing their production, which will always discover themselves by an over or an under supply, which either appreciates or depreciates their value as commodities. If there is an abundant supply of either, it will at once seek a market like any other commodity, and this will surely create a market value to its detriment as an unerring measure of value.

Thus the supply of silver of late having been abundant it has sought a market. Its production has been stimulated from the fact that being so generally used as a measure of value, it is easy for people to believe its value will continue, and capital has sought it in mining, as a speculation for great and unusual gain.

The supply thus increased, the value

must be lower. This is what has caused the value of silver to depreciate below the former French standard of 15 1/2 (and of late in America of 16) to one, comparatively with gold. The market value created by an abundance causes a fluctuation in value which practically makes it impossible to fix a permanent ratio, gold value being stationary, however some writers may indulge in a play upon words.

But if we would look to results, the subject leads us further. Were an arbitrary rate fixed between gold and silver, there is no reason why some other esteemed product should not also have an arbitrary value, since many of them are products on equal footing with silver, being subject to market values liable to fluctuation.

Suppose, then, that the corn dealers combine to effect the establishment of an arbitrary price on corn, the wool dealers on wool, and the cotton dealers on cotton, and so on throughout all the fields of production. The measure of value would then be fixed to a certainty at all times in all commodities, would it not?

Well, then, with this condition prevailing, not to take into consideration the influence of foreign markets at all, let us suppose that no variation in price is possible. The season being propitious for corn, corn yields in immense quantity, while it being unpropitious for cotton, this yields scantily, and wool may remain normal. What would be the result.

Corn would go begging in the market, cotton would hold aloof. Why? Because corn is anxious for a sale or an exchange while cotton knows that either or both are assured.

What follows this? He who is importuned to buy corn turns indifferently away, knowing that he can procure corn readily at any time. He who needs cotton, however, not finding it ready to his want, seeks it, and in the rush of needy customers the cotton dealer or grower finds his opportunity to get a bonus. Even then, the supply being short, he who needs it must go to the wool dealer, whose commodity we have supposed to be normal in production, and he in turn receives the benefit of the short supply of cotton. Therefore, he, also, grasps the opportunity to get a bonus.

Now while the cotton and the wool are being exhausted, the corn lies in a great heap, and its owners, being anxious to sell or exchange, are, in order to do so, obliged to offer more for cotton and wool in exchange, or for gold and for silver in sale or purchase than the arbitrarily fixed quantity.

It will be seen that the true measure of value has been lost in all three of those commodities, and this is due to natural laws, viz;, the changes of the seasons, which no human law can regulate or control.

I trust my illustration has demonstrated beyond question the impossibility of establishing an arbitrary measure of value on any product liable to fluctuate in

quantity at different times.

From the cases cited, there is, however, this difference in the case of silver. Being a metal, it is durable, and its quantity once increased it does not disappear through consumption, but remains whatever it is created. If it is not in excess, only performing the natural functions of a standard measure of value, its existence is no burden; if it does exceed this, and its amount is so abnormal that every person becomes aware it is a heavy incubus, it becomes so much a drug upon the market that the will of the people condemns it to an inferior place, and its production, which under the arbitrary price was very profitable and gainful, will so reduce itself that the surplus will gradually find a place either in manufactured wares or through its natural tendency to disappear to other localities or countries, where its usefulness is still recognized, but at its real value, and not at a fictitious one.

The corn, the cotton, and the wool are thus seen to be quite as favorable commodities as measures of value, since they disappear quickly in consumption and allow the normal condition to be regained.

In opposition to both of these, and very much in its favor, gold has long been fixed upon a solid basis. Its great volume in the world, all necessary for the convenience of mankind, prevents any appreciable fluctuation owing to increased quantity of production in any given time, because

such increase bears so small a proportion to the whole that its presence with the rest is not noticed, it being naturally absorbed and amalgamated.

There has rarely been an exception to this. The discovery and working of the California and the Australian mines so nearly at the same time, are the only exceptions worthy of being named occuring in modern times, and these operated only temporarily. At that time, it was to be observed that gold came into more general use for ornament and taste, and the great demand soon brought it to its former equilibrium, as it always would in similar circumstances. From its rarity, as compared with all other productions, it will under all conceivably possible conditions sustain itself as the one product least liable to fluctuation.

The value of a standard measure then, is determined by its quantity comparably with its use, or demand, and its measure is ascertained in the first instance by the comparable cost of production, and in the second instance by its safety as a regulator.

The value of all other goods being measured by it, governments being responsible for its correctness, it behooves every government to see that its quantity is nicely adjusted to the demand. This is sometimes varied by the difference in time which it takes for circulation. If it is hoarded, it takes longer, also when di-

verted to other countries in the course of trade.

If the government keeps pace with such conditions, its ebb and flow may be as regular as that of the sea, so scientifically has it been adjusted to meet the wants and supply the conveniences of man.

But gold will be naturally far in excess of silver in volume as a measuring standard, because not only is a given value lighter and therefore more easily transported for trade purposes, but being less subject to fluctuation it is preferred as a medium of exchange for international purposes, both in trade and in duties. Silver is convenient and superior to or equal with gold as a medium of exchange only in the quick circulation of small values in which it is necessary to make change. The minor metals find their place and use naturally, a ten-cent piece of silver having been found in practice to be about as small as can be used conveniently. Units of ten, therefore, are supplied by token, or minor coins.

It will be seen that this is all arranged according to a wise economy intended to apply to the best convenience of the people as a whole.

A few statistics will not be amiss in this place.

According to the report of the director of the mint, there was produced from 1849, the date of the discovery of gold in California, to and including 1872 as follows:-

Gold,	$1,194,750,000
Silver,	143,700,000

From 1872 and including 1889:-

Gold,	617,666,532
Silver,	772,520,260

From these relative amounts it will be seen that while in the former period silver was produced only in a proportion of a trifle less than 9, which is a fair proportion to exist between the volume of gold and silver for purposes of exchange or purchase, in the latter period silver was produced to a value in excess of gold by some $154,853,723.

Now one of two things must happen from this increase, either silver must be absorbed in manufactures so as to overcome this enormous surplus over its proper proportion with gold, or else it must remain in bulk, as the circulation could not by any means take care of it. It was, of course, impossible to induce manufacturers to absorb without a concession in price sufficient to induce custom for its products, and such concession was in some measure made; but still the demand was inadequate and so the surplus must remain in bulk, which it does today, tons upon tons being thus stalled. To show its inconvenience in large quantity as compared with gold, it is but a day previous to my present writing since parties east were debarred from shipping by freight a large

amount to the Pacific coast because the express companies insisted on their right of carriage of such commodity, as reported in the daily press. The express rate being so exhorbitant as a matter of cost of transportation it was not to be thought of. In this emergency, there chanced to be a party west who desired to unload for exchange, east. A mutual arrangement was arrived at whereby the Pacific coast man should unload his at San Francisco and receive credit, and the parties east should place their bulk at his disposal at the spot he desired to use it in exchange. It was a fortunate co-incidence rarely to be counted on. Usually, the heavy rates for transportation having to be met, the consummation of a trade would fail because it would entail loss, the silver being worth no more at San Francisco than at New York. I mention this as it illustrates the superior efficiency of gold as a medium of exchange.

It would be equally true as to paper money in the degree of weight existing were not this advantage more than counterbalanced by the considerations which have been named in favor of gold, which throw the advantages almost inestimably in favor of the latter.

The total amount of money coined in the United States to and including 1891 is as follows:-

Gold,	$1,518,829,261
Silver,	606,969,878
Minor coins,	22,564,782
Making the total,	2,140,363,921

Some of this has gone out of circulation from being called in by government, some has been worn out and replaced, some lost, and some diverted to use in other countries, though the latter is presumed to balance itself by an inward flow.

It will be seen that the amount of silver already coined is greatly in excess of its normal proportion with gold.

If the agitators of the silver question had been successful in 1896, and a congress had assembled favorable to the silver interests as they were then advocated, this proportion not only would have been very greatly increased probably by legislation, but the value would perhaps have been arbitrarily fixed by law. Supposing it could all have been absorbed by coining, if we allow that this condition could have been tolerated without disturbing every value, we still would be obliged to encounter the fact that in every other country (with unimportant exceptions which we need not notice,) silver values were far lower; hence in spite of transportation charges, other countries would most assuredly take advantage of so good a market and load us still more heavily with a commodity of which we had already a great deal more than enough, as did Germany in 1871 when that country changed from silver to gold, and unloaded upon France, who had so long taken pride in her system, so that the latter found it expedient to close her mints.

I will speak of this shortly again.

I have mentioned it to prove that an arbitrarily fixed value cannot continue in the face of a competition with other countries.

It is in the general demoralization and panic in values that we must learn the bitter lesson as a laboring nation, how hard it is to buy a loaf of bread at a price which we could pay, and in failing, what suffering it would entail to go without the bread. These are the natural and unavoidable results of any sort of inflations of currency or measure of value, whether in silver or other material.

I have not even touched upon the question of honor and integrity involved in raising a value arbitrarily without reference to its true worth when compared with other things. When this is considered it will be found to be only a system of temporary cheating, in which the victim is the last possessor, whoever he may be, when the deal ends, as it inevitably must.

But it may be said, and indeed is said by some writers, notably Mr. Francis A. Walker, that France enjoyed a greater degree of prosperity than any other principal country in Europe during years when she maintained by law gold and silver tender at a fixed ratio, while Germany, during the same period, went through a crisis of appalling severity, while, as he puts it, "passing, or trying to pass from silver monometallism to gold monometallism."

Mr. Walker has only sketched the condition of any people or country who, having seen the error of a silver money system, returns to gold.

The change for the time being must be painful, just as must be the redemption of a vast volume of paper money, because all trade values must conform themselves to the altered and corrected condition.

In the case of Germany, until the change, being the largest buyer of silver in Europe, why should she change to a gold standard in '71 if silver was equally as reliable? Is it not idle to ascribe her action to a prejudice against the French bimetallic system, when Germany well knew that if to change from silver to gold was bad economy she was jeopardizing the interests of all her trades and industries?

I myself prefer to ascribe her action to economic motives. Had there not have existed a great abundance of silver, and had not Germany suffered from the embarrassment of maintaining a silver standard, it is my opinion that she would not have departed from established custom and usage, especially from prejudice.

How quickly it reacted upon France, closing her mints to silver and breaking the tie which had heretofore bound the two metals together.

A country may for a season, and I do not doubt for a very long season, maintain a par of exchange between gold and silver, or even between these and a paper currency

but it can only be at the expense of whatever fluctuation such action induces in values. They cannot be expected to be in normal condition while the currency which is meant to regulate them is itself subject to changes.

In the case of France, the time had come when she could no longer maintain a parity simply because silver had discovered its true character, a thing of market value like all other commodities and measured by gold. True, silver had enjoyed a very long reign, with but slight fluctuations during the century, but even giving it all this credit, it could not compare with gold during the same time, nor was there ever a time when it was not measured by gold. After the action of Germany, having only the true market value to depend upon, it ranged lower in value at once, and has continued to do so to the present.

I cannot agree with Mr. Walker that "such fluctuations introduce into trade the elements of gambling." On the other hand, I think they eliminate those elements to the last degree, since from an absolute gold standard there is no appeal whatsoever. There is the decree, and trade of every sort must accept and obey it.

It is this latter truth that makes a single standard so eminently desirable, because it reduces the chances for speculations in the standard to a minimum.

It is a grave question in my mind if any material appreciation of the value of gold can occur. When by the adoption of

the single standard, prices of goods and commodities depreciate, it is not because gold is worth any more than formerly, but because the adoption causes all values to take their proper places under it. I have yet to observe, if such a case exists, the poor man who under the now generally accepted, although not established gold standard, works fourteen hours a day, or even twelve, although the reign of the single standard has already continued for some twenty-five years or more. On the contrary, during all that time there has been a constant agitation of the question as to how many less hours should constitute a day's work, and the side of labor has had measurable success in reducing them. Indeed, during the time, the hours have quite generally reduced, and at present it is no uncommon thing to find factories and workshops running only nine hours a day for equal remuneration and in some cases higher, while the agitation continues to reduce them still lower.

If, therefore, the financiers and political economists were the ones whom the laboring man should thank, were the conditions at present such as Mr. Walker seemed to fear might be when he wrote his book in 1878 or thereabouts, where he says, "if brain and hand grow weary with the strain and the toil, he should know whom to thank," etc., it would seem now, after an interval of twenty years, when his condition in this respect is so much better, instead of worse, he should thank the "financiers

* Fallen previous to 1900.

and political economists."

It seems to me idle to prognosticate the condition of labor or of trade for coming years since not only may they be changed by money standards, should any changes occur in them, but also, and to a very large degree, by current conditions of trade at any time and place.

Such questions cannot be settled by any economic regulations except for the time being, and what today may be highly expedient as a temporary benefit may become, and frequently does become a positive damage in the near future.

The adoption of a single standard is, as Mr. Walker says, "all for the sake of a mathematical and metrical unity of coinage and exchange," and it certainly is a good and sufficient reason. This writer, however, swayed by the silver sentiment, nevertheless concludes his article in these words, "Let us await the time to act with effect, and not forfeit our present remarkable commercial success and imperil resumption by measures which can do no lasting good to the cause of silver and may do much harm to ourselves."

In this, at least, I heartily concur with him.

The past twenty-five years has indeed been a remarkable season of prosperity.

Improved facilities in production, together with the gradual emancipation from silver and paper money, has caused a decline in the prices of commodities; who appears to suffer? Strikes among manual

laborers are less frequent than formerly, which seems an indication that at least their condition is no poorer. Let us for a moment glance to another field.

Manifold trusts have been formed, each in its turn having for its object the better control of the prices of commodities and be prepared to arrest the decline, which, however selfish the motive, is worth something to society so far as it sustains an equilibrium, because were an equilibrium obtained in the price of all commodities which would suffer no material damage from the changes of seasons, then the natural thing would be for labor to become steady and uniform.

It would appear that we are arriving at better economic conditions. We have statements showing that capital employed in banking has been doubled since 1870 and has increased tenfold since 1840, while rates of interest have decreased in the same period about one-half,

Such showing is not against the well-being of society. On the other hand, it shows progress in the right direction, for it is certain that whatever tends to lower interest rates brings the whole of society to a closer equality, the rich with the poor, the high with the humble.

Facts are stronger than theories, and if on the whole, we find after a quarter of a century of gold rule, prosperity has advanced to such a considerable degree, it appears that the theories of Mr. Walker on this subject were but theories which must disprove themselves in time.

CHAPTER XXIV

FINAL ANALYSIS OF BIMETALLISM

I have labored to show that in the present state of largely increased production of silver over gold, the former has lost its fixed ratio, if it really may be said ever to have possessed one.

If silver was now arbitrarily fixed in a ratio of, say 1 to 16 with gold, the latter would not depreciate correspondingly because from its stability its value is capable of being, and is fixed. Hence, if silver attained to an arbitrary value it would no less be a fictitious value, for the reason that its legitimate cost of production would not warrant the price.

This, I think, will be plainly seen, and as resulting from this fact, not being wanted for mintage, it would still have a surplus to dispose of, which, competing with itself, must make the market value far below the measuring value in its present state.

Then would appear wrangling among politicians to force it to the mint for coinage, which, under the popular delusion that a value can be arbitrarily fixed regardless of the supply when the value is money, would probably succeed to some extent, especially as large speculative interests

urged it on. When it was accomplished, the debtor would not find it to his interest to pay in gold, when by coining a commodity of considerable less cost he could pay in that and make the margin, consequently he would pay in silver.

In the meantime, while this sort of payment was going on under the stimulus of an increased demand, mining would flourish and a still larger increase would be made in production.

I think I have followed this far enough to make it apparent that while silver continues to yield so abundantly, and can be mined so successfully, it would constantly depreciate in market value like any other commodity under similar conditions, until its inferior value was so well understood that every child would know the difference between it and gold, and this would be only the primary working. Every industry must feel the stimulus which so great and sudden an addition to value in money would give, and would be pushed with corresponding vigor.

Now let the perfect realization of its inferior value come, as it must certainly in a comparatively short time, and the result of this knowledge would be that legislators must at once answer the popular cry to conform silver in its measurable value to its market value. Prices of other commodities would have become unreasonably high, remuneration for labor with all the rest, and it would finally be seen that

the reason for it was that society had adopted a fictitious measure of values.

It is understood by the man of true wisdom that the upward tendency in prices of productions is wrong, because, as cited in another place, not only has everything to sustain its price at home, but it must be of such price that there is no great advantage in foreign capital seeking investment in gold, or in unloading vast amounts of production on our shores, when rising values in commodities or even in land, seem to invite it.

So also is competitive foreign labor. The temporary attraction of high remuneration has the effect to induce other populations, each addition swelling the tide of competition in this already overcrowded army and hastening the time when its condition would again be at low ebb.

For the time is past when America can afford to pay a bonus for immigrants.

He who studies economics upon broad grounds can foresee such calamity as named in the near future and if he carefully considers will discover but one remedy. If the measure for silver has already been adopted it will be too late to save the vast amount of suffering which must ensue, but silver will be doomed to its proper place as a commodity cheap to produce and therefore unsuitable for a measure of value except so far as convenience goes. Or, if the tide is allowed to sweep to its full extent, there will be failures and crashes in time, which will

shake the very foundations of society, a state from which it will take many years to recover.

If gold, therefore, is the superior measure of value, as I trust I have made plain that it is at present, while such condition prevails it should, for the sake of stability in value, be the only measure, all others being subordinate to and ruled by it, the others being necessary for small payments, but not recognized as lawful money otherwise, as society would, as it always does object to receiving a bulk of nearly a ton of silver in place of a hundred pounds of gold in payment, simply on the ground of bulk alone.

If the time should ever come when silver from its scarcity should approximate to or exceed gold in value, and its bulk could thus be regulated to the uses of the superior circulation, then it in its turn would become the desirable and superior measure of value. But this is so remote, and as it would now seem impossible, that it is scarcely worthy of consideration.

A double standard, then, under any present conditions, or any which may be reasonably anticipated, would be greatly to the disadvantage of society, and to the advantage only of speculation for the time being, this, even, suffering in the long run, the victim being the last holder as I have before stated, whether laborer or man of wealth. But from the superior advantage of the latter to unload, having no necessity to supply which rigidly demanded its

retention, it usually happens that the man of wealth escapes, while the man of labor gets caught as the possessor.

I will say in conclusion, that of all the economies of society, the economy of money is at present the most perfect.

If all the economies were regulated upon as comparatively scientific principles to meet the best requirements of the whole number, the laborer included, society would be very nearly upon its highest plane so far as the wants of the body are concerned, and from its perfection and economy of method, would be prepared to assimilate itself with its higher destiny in the long future.

I cannot do better than close this article with a quotation from a report to the House, January 31 of the present year by Rep. Charles W. Stone, Chairman of the committee on coining, in which he says:-

"If the nations of the earth can ever be brought to unite in an honest effort to maintain silver at any agreed ratio of value to gold, the United States, as a great producing silver nation will assume its share of the responsibility."

"Such value can only be maintained by furnishing to owners of silver an unlimited market at a fixed permanent valuation. If this could be accomplished it might give us another measure of value, but it would leave but one standard, It would simply, by artificial means, bring silver into a fixed ratio of value to gold, but gold would re-

main the standard from which and by which this relation would be computed."

"Let there be no misapprehension of terms. A double bimetallic standard is impracticable—impossible. A bimetallic currency is practicable and desirable."

There is a great difference between a bimetallic standard and a bimetallic currency and no misapprehension or popular prejudice should be aroused by a confusion of the two ideas. We adopt gold as the standard because it is the most stable in value, and hence the most just and safe standard by which to measure other values."

"We promote the convenience of the people by providing an adequate supply of both silver and gold in our currency, but we can only do it with justice to them by protecting them from the possible depreciation of silver in their hands, and hence we throw about silver such safeguard, by limiting its coinage and providing for its exchange, as will maintain its parity with our gold and paper currency."

CHAPTER XXV

COMPARATIVE VALUE OF CURRENCY

If a mechanic should choose other substance than steel from which to make his tool he would encounter many needless obstacles in his work. If he should choose lead, copper, iron, gold, or silver, any one of them would be found to be too soft to hold an edge. Should he choose tin, or any alloy, it would be found too brittle.

Should he search for a vegetable substance to serve his purpose the same trouble would exist and in addition to these, it would be subject to easy fracture and speedy decay. Hence, if he was so unwise as to attempt to substitute any other substance for steel, the time which he spent in whatever experiment he made would be lost, because in the last event he would be compelled to return to steel.

If man had never been over the same ground, and therefore was ignorant of the nature of all or any of these substances, such experiments could be forgiven and perhaps encouraged, but this is not true.

In his evolution man has had occasion to test many of them, and has experienced the difficulties which their use involved, approaching, and at last reaching a production in steel which admirably serves

his purposes, and in consequence of the wisdom he has gained from experience steel has been universally adopted as the standard metal for all edge tools.

He may have auxiliary tools and implements of trade and industry made from all these substances according to the use intended for them; for his building, his benches and drawers, and for many other fixtures, he may have wood; for many of his machines he may have iron, brass, or lead, tin, antimony; and for fuel or power he may have coal, petroleum, or their product in electricity and light the same. Indeed he may have many tools requiring no cutting edge, for which some one or other of the substances named may be even better adapted than steel; but to hold a cutting edge he will always find that steel is his best and surest, indeed his only sure, dependence.

It may be true that many other of the substances are cheaper and more ready to his hand. He may be obliged to wait, subjecting him to embarrassment in procuring steel, but it has become so apparent that it is steel that he must have that he endures delay and embarrassment until the steel is forthcoming.

But if it should happen that steel became so scarce that there was a famine, or if some great and sudden emergency should come requiring more steel than could be produced, then man would be justified in going back to primitive tools made of stone, copper, or other material or metal

procurable, and make it suit his purpose for the time being, although such use must involve a great multitude of them, frequent replenishment, and unsatisfactory workmanship in his product, making him subject to long hours in his employment so as to supply the wants of society, causing an equal amount of production to be higher in cost and therefore in price, while from the very fact that the wants of society exceeded the supply at all times, the product would be hurried and suffer in quality, being intrinsically of less worth than if the sale depended upon true worth or utility.

Thus all these commodities in common would not only be higher, but they would be inferior, which would still more enhance the cost by making another supply imperative, necessitating still more rapid production until the whole of society would only be the expression of great, crying wants impossible to satisfy.

This will not seem an exaggerated or fanciful statement of the conditions which would prevail after a long-continued and universal famine in steel. How eagerly would all mankind look forward to a time when steel would again come into common use. Yet what a change would its quick advent bring with it. Extra labor and long-continued hours of toil would cease; all commodities would lower in value as their cost diminished; people who had increased their plant capacity so as to adapt them to the great swelling tide of wants, exhausting their resources and expanding

their credit to stretch their productiveness to its utmost, would find a cumbrous and expensive lot of useless buildings and tools upon their hands, and be put to the utmost straits to pay even the interest on what they owed; labor which had been highly paid and continuous would go begging for employment and bid against itself for the sake of sustenance, while moneyed institutions which had stretched and expanded their accomodations to borrowers, failing in all effort to recover their loans, would be obliged to refuse further accomodation or suspend business operations. And lastly, the government, being dependent upon society for its working, and society being so stagnant in finance that it was unable to respond sufficiently, would stagger in its administration and credit.

It will be easy to suppose that all these embarrassments, trials, and sufferings must ensue in more or less degree when the famine in steel is relieved, whether it be relieved suddenly or by slow stages.

The longer or more gradual the relief is in coming, the better will society be able to adapt itself to the changes which it will inevitably bring about.

The intelligent student will not have failed to notice the close analogy between the supposed famine in steel and a similar one in gold and silver in its effects upon society.

It is undeniable that something could be substituted as a measure of value if it

imperative from a scarcity, but it must be to the disadvantage of society in the following particulars:-

a. It would be less convenient for use in making small change, whatever its nature might be, and would be subject to defacement and wear and tear.

b. It would necessarily be of less value in itself.

c. It would take a much larger volume to cover the value of all other commodities.

d. All commodities would become higher nominally in price.

e. It would temporarily stimulate trade and industry unduly.

f. It would cause waste in consumption by impoverishing the quality of commodities.

g. It would create an unnatural and costly increasing demand, and finally the increased demand would be so great that society must suffer from the impossibility of producing enough for its sustenance.

I will proceed to substantiate these several propositions, for it will be noted as my habit to go further than the bare statement of fact.

It will be less convenient because from inevitable defacement, from wear and tear, it would become indistinguishable at quick glance, and its whole utility would soon be destroyed from the same cause.

It would be of less value, because, apart from the precious stones, which are admitted to be out of the question for such a purpose, gold and silver are universally acknowledged as the most valuable of all the treasures of the earth, and their pro-

duction is the most costly in labor.

It would take a larger volume to cover the value of all other commodities because, being the measure of value, if it were of less value than its predecessor, as it must be, the value of all other commodities having been ascertained from the previous measure, the substitute, whatever it might be, would be compelled to adjust itself to the value already established, and it could do this only by an increased amount sufficient to compensate for the differnece in value.

As its own true or natural value could not be changed, either by arbitrary law or by any possible addition to its attributes, it is evident that the prices of all commodities must, as soon as possible, accommodate themselves to the change in the measure of value by rising nominally in price, so as to regain the equilibrium which nature has established in relative values.

But perhaps I had better explain this more thoroughly. To show it in the most extreme light possible, let us suppose that the measure of value fixed upon was one that every one could pick up at their feet in any quantity to suit their fancy, and we shall see at once that no law could be framed which would be adequate to compel society, to part with its necessities in exchange for it, becuna, being so easily obtained, society could have it without parting with anything, simply by picking it up, and thus it could not be made to contain any value except the natural reward

for this slight exertion.

If it was not quite so easily obtainable, just in proportion as it required exertion to obtain; if society felt the need of it, the value would increase, and as it so increased, it would be exchangeable on just that much more equal grounds with other productions of already established value. I hope I have made this law of value clear.

Everything is valuable in its order according to the amount of exertion necessary to produce it and to its need by society.

The new substitute would temporarily stimulate trade and industry unduly, because from its being cheaper and therefore more easily attainable, and from the seemingly plentiful supply, people generally would get a larger amount in bulk for labor, for capital, and for exchange than formerly, and taking advantage of the extra supply for the time being, before all other commodities had become fully aware of the inequality which existed and regained the relative values, would use this extra bulk in increasing the production for gain or profit, while the needs of society really remained exactly the same as formerly.

It would cause waste in consumption, because society, including the laborer and capitalist, finding itself in possession of the increasing bulk, would spend more for indulgences to gratify the taste, and this increased demand, having temporarily

the means to pay, would thus consume more.

Now if industry and trade were alive to the condition they would see in this increased demand the opportunity to cheapen the quality of commodities. Does any one doubt that they would observe it in their daily trade? Well, then, when the commodities have been cheapened in quality, they will not last as long as a good article, and so the demand will be an unnatural and increasing one because it soon finds itself based upon a necessity,-a need for a new pair of shoes to replace those made in a hurry, a coat, a cloak, or a hat, hosiery or gloves, linen, woolen goods, and everything which is consumable by wear, whether for personal comfort or convenience, whether for the household, the shop, or the store, a church or schoolroom, or a tool or implement of trade or industry.

The tendency will be to cheapen the product, and as the cheapened product enters more and more into each channel of utility and comfort as enumerated above, with others not named, all trade and industry will be stimulated and hurried in its attempts to supply the growing demand and reap the fruits of its rare opportunity.

It will be seen that with all the growing wants, multiplying in geometrical progression, supply could keep pace but for a limited time, for all labor would have been utilized, power of invention to supply new advantages for increased production would become less and less adequate,

until humanity could not be supplied in its wants.

I have carried this subject to its extreme limits for a substantial purpose, viz:, to show what must be the inevitable result of any adoption of an inferior measure of value by following it to its ultimate,and thus substantiating it as an evil.

Of course,long before a period such as described actually arrived,society itself, as it has in the past,would become aware of its condition and seek a remedy, just as in the famine in steel. It would realize also that the best remedy was none too good,and that it could be nothing less than gold and silver;yet it would linger, as it has in the past,as long as possible before its return to the disused measure of value,knowing well that every step it had taken in inflation in value and in industry and labor must be most painfully retraced.

As in the case of steel,if it should return to gold and silver abruptly, all the sad and evil consequences in a corresponding manner to those shown in steel would ensue;but in the case of a measure of value used by a nation there would be this to be considered in addition; the whole fabric of society is dependent upon its government for whatever of character or of worth it enjoys with all the other parts of the world. This is the social side. The whole of society also,is dependent upon its good credit for all it de-

sires of other countries' goods and commodities, and this is not so inconsistent or inconsiderable as many people like to believe, our imports amounting in 1898 to no less than $633,664,634 which sum is less than in any other recent years.

Society is also dependent in the matter of trade, our exports for the same time being nearly twice the value of our imports, so that any fictitious or extravagant valuation of goods cannot but operate to our damage in our foreign exchanges which at present are always increasing. This is the commercial side.

Considering now both the social and the commercial sides neither our nation nor any other nation can afford to ignore the importance of its good credit abroad. It is absolutely essential to security and well-being.

I have discussed this subject thus far only upon the supposition that some substitute was adopted for gold and silver as a measure of value.

After the thorough manner in which it had been treated it would seem that any argument put forward to show the disadvantages of using paper or any other kind of money in place of them would be superfluous; but still adhering to the analogy between the case of steel and of money, there are auxiliary and expedient uses for paper money as a medium of exchange, being, not a measure of value in itself, but only the representative of a value contained in the accepted measure, gold

and silver, all being valuable and performing their functions in a most admirable and happy manner. There is a place for the promise to pay in every branch of trade or industry, in every relation between government and individual and between government and government.

In the former, it exists in bills of exchange, check, banknote and ordinary promisory note, in the second in government bond and all business transactions which can be accomplished by ordinary modes of payment, and in the third, not only in all of these, but also in treaties and all sorts of agreements entered into for the good of society. This is also true of all commodities according to whatever rules of exchange may prevail, and they all exchange reciprocally through some medium, but every medium, whether it be a commodity in merchandise or a piece of paper is either closely or remotely subordinate to the ruling measure of value in gold and silver. It will follow in natural and unavoidable sequence that while silver is variable in its value through variable cost of production, -in other words, while silver is so superlatively abundant as now, it is impossible from a scientific and an economic standpoint for it to rank as equal to gold as a measure of value. This cannot be changed without damage to every member of society.

We shall be compelled, therefore, to look deeper for lack of true adjustment of equilibrium in human affairs before we can determine the trouble with the scales.

CHAPTER XXVI

CREDIT

I have approached the present subject with the feeling that a great responsibility rests upon him who undertakes to analyze its features and make them justly understood.

There are such strong underlying grounds on which credit rests, so divine a reason why it should exist, and such an imperative reciprocal duty to give and receive in order that society shall have the greatest advantages for perfect evolution, that it becomes necessary to discriminate carefully between a worthy and an unworthy credit, and even then there will be mistakes made by the most right minded, so hard it is for us to analyze and understand the quality in man which we call his ability and the incentives governing it in action. In short, we are forbidden to "judge" one another, and it is evident to any one that the command is just.

Some people make distinction between spiritual and material things, but such distinction is wrong, because all material things not truly in harmony with spiritual things should be brought to harmony as quickly as possible, and society, or rather the best portion of it, tends more and more to that end; not always intelligently and

for that specified purpose, but because man's best impulses tend to his guidance when freed from such restraints as circumstances may sometimes impose.

Credit is differently defined. To trust or loan is one definition; to repose confidence in an uttered truth is another.

Confidence bestows influence and reputation, and with them, honor and esteem, which constitutes the possessor an authority based upon the character which these seem to establish. This is what I shall call the spiritual side.

Upon the material side there is the reciprocal credit, or trust, whereby transactions in substances or commodities are made and in which there is an expectation of future payment for any commodity which is transferred, and usually rests (too much, I fear) on simply what is called a mercantile reputation, not according as an individual is worthy by virtue of character, but according as he has the security to offer for loans and other accomodations which he requests, and this security based upon the existence of solid and unquestionable present value.

Now while credit cannot more than anything else, make something out of nothing, as Mill states it, it is certain that a quality which has to such an extent received divine sanction must have substantial and enduring reasons for its existence, and these reasons I shall attempt to set forth as plainly as I can.

Not to carry the discussion too far from

the popular conception on spiritual bases, I shall still say that credit is another way of expressing faith, or good-will, when used for its proper ends, being a principle on which one man may trust another without instant payment, the obligation resting ultimately upon honor and integrity, which, barring accident, presuppose the ability to discharge the obligation in kind either tomorrow or next year or a century hence, as the case may be.

Whatever has to do with particular forms of credit will be found responsible to time and place, and need not interfere with the underlying principle which should guide action, any more than the wrong-doing of an individual should be held to determine the virtue of a society or a church with which he is affilliated.

If, therefore, credit is made by any society to take the place of money or capital, the virtue of the working of credit must be measured, not by what damage it may do to capital, but by its relative merits to existence as compared with capital.

I will state my reason for this discrimination. If capital as a whole existed by virtue of abstinence, being created by the earnings of its possessors always, then it would have an impregnable means of defence against all encroachments; but it does not so exist at present, as I have taken pains to show in a former chapter.

It is largely the result of speculation and gain, and as such it must take the chances of these, whether it be in credit,

in competitive speculation, or competitive gain. A stream cannot rise above its own source.

But as I have shown in another chapter, capital certainly consists, not entirely in land, buildings, or tools and machinery, or even in production, but also in all the varying talents and all the skill embodied in the whole of society, property of all kinds actually being subservient to them because it is inferior to them.

It is not, therefore, by any calculation of speculative profit and loss that we can arrive at a just decision as to the merits of credit.

If the system of credit in every form was annihilated today, not only would every industry lag, but humanity could not sustain itself except for a limited period in the present age of the world, the one condition being of necessity so nearly coincident with the other.

This is because capital, if confined strictly to money or commodities, would not in any measure answer proportionaly to the necessary purposes of society, which indeed would starve from the insufficiency of means to purchase or exchange, with sufficient speed or rapidity to procure its supply before exhaustion ensued.

It is this truth, realized by society in its evolution to the present state, which gave birth to credit, man's dependence on his brother becoming more manifest with each succedding age. To its agency is due

the existence of every government in the world, whether ruled by usurper or tyrant, since, were credit withdrawn by his supporters, his government must crumble.

There must be credit somewhere; if not in the civil ranks it may be in the military, or if not in either, it may be in the industrial ranks; somewhere the basis of all government will be found resting upon credit.

To its agency, also, is due the dependence of the individual on his employment whether he be manual laborer, capitalist, or mental worker, since all of them, each in his class, would find capital utterly inadequate of itself to perform the services of purchase and exchange if credit were unknown.

The use of credit is abused by the same evil which we have found so pernicious throughout our whole discussion of exchange and its agencies, -speculation, -or seeking to obtain a future advantage by present and unearned abstraction from some one else, or, in other words, seeking to gain something without an equivalent, a system so abhorrent to nature that she repudiates it in all her ways, not only yielding an equivalent but more than an equivalent for every worthy effort put forth by man.

Credit, therefore, will be found to be as truly an agency in production as is man, varying only in degree, sometimes potentially, far more powerful, as in the case of an established government founded upon the good faith of its people.

The foregoing constitute my first premises, These being elucidated, I will now state my second.

Credit, although not money in itself, is so closely allied representatively with it, that it is impossible for the latter to perform its functions without it.

Credit may be said to be the brain and money the brawn. Credit was probably the foundation of industry, and money was its handmaid. It is not therefore proper to consider it as a substitute for money there being even a superior reason for its existence, because it of itself has existed in all ages, and money was only one of its expedienses.

Money can have many substitutes, but credit cannot, from its nature, be one of them.

As to the effect of either money or credit upon prices, these are as much and often more dependent upon the volume of credit, than they are upon money itself, credit being an equal and often a greater purchasing power than money.

The same conditions, then, will be apparent relating to supply and demand as have been stated regarding money. A large volume of credit will make goods and commodities low, while a curtailment of it will make them high.

Of course in my discussion I am treating of money and credit separately, not money and credit correlatively, as in that case the one assimilates with the other, and creates no increase in the volume of the

currency, as when I borrow money from a friend without giving him a substantial token of indebtedness, which he also uses while I use the money. If I do not give him the token, there is but one amount, and that is money; if I give him the token there are two amounts, the money and its token, which doubles the amount usable if the token be a substantial one, equivalent and exchangeable in value.

But credit is capable of a much greater expansion than money, since it may be and often is produced without other cost than good faith; and if this latter is broken credit becomes a dangerous thing to society, just in the same measure as does a lie.

Being capable of expansion, too, and operating substantially the same as money upon industry and trade it is just as injurious to all the interests of these to swell its volume as to put a surplus of money into circulation.

The safeguards against such a condition, however, are not so easily established as in the case of money, the latter being subject to the rigid inspection and regulation of the government, while credit, being a thing of mutual arrangement between individuals subject to no government oversight or intervention, is illimitable in its bounds.

It is a species of commodity, therefore, which depends more upon a strict integrity and honor than any other known in mercantile transactions, and requires for its safe use that man shall be thoroughly

honest and trustworthy.

There is a large field for credit which is not only perfectly legitimate and right, but eminently beneficial to society and indispensable in trade, It is only when its power is abused that it becomes dangerous to society, as for example in any case where the apprehension of loss operates upon the mind of the lender on the one side, while on the other is his strong desire for gain.

Here, credit must always be the victim of circumstances, as the borrower who has nothing in his possession actually, but everything in prospective, can only offer prospects as security for the loan, and he who loans will speculate upon the chances of the future, sometimes to his own hurt, and sometimes to the hurt of the borrower but the latter, if he pays at all, pays the risk, and to that extent he suffers.

He must, therefore, consider carefully whether the advantages to be derived from credit are equal to the bonus he must pay, which, I am sorry to say, he seldom does.

Thus credit is made to serve the purpose and desire for speculation, often to such an extravagant amount that it operates to the injury of all industry.

It may correct itself, and generally does, but it can make no recompense for the suffering caused in clogging the wheels of industry, throwing large numbers of workers out of employment, and entailing ruin upon many an upright promoter by

forcing him to the wall.

Credit has its national bearing, considered merely as a system of commercial transactions, as if it attains to large and extravagant proportion on a speculative basis, that is, with little actual property proportionally to sustain it safely, the natural inference is that the government has an insufficient supply of money for the proper transaction of individual enterprises, such a state having driven these to the credit system to obtain a sufficiently quick circulation for their needs.

Credit is the barometer which is employed by nations internationally to determine the condition of the financial atmosphere. If a country is a large borrower, and for long periods, it shows that its resources are in a strained condition and need mending to prevent breakage.

This, of course, may be considered as but a temporary condition; as in the case of governments founded upon the will of society, it is to be expected that society will rally in time to prevent a financial collapse, although cases may occur in which they are unable to do so.

There is always the danger of extravagant credits among the large class of retail dealers in commodities of all kinds.

The wants of man are so infinite that if credit were given in answer to each want, capital would disappear, exhausting itself in consumption without being sufficiently replenished. This applies, of

course, to society when it buys what it can in no wise pay for, being really an extravagant and profuse yielding to the desire for indulgences apart from necessities. Such condition is one of the greatest of social evils, so undermining in its effects that it must soon react upon him who yields to indulgences from the fact that however willing his dealer is to supply him, the time will soon come when he has no longer either capital or credit, and he cannot even supply himself.

I have said that there is a large field for credit which is absolutely to the benefit of society, and necessary to trade.

Such benefits may be summarized partially as follows:-

Bills of exchange are a species of credits; so also are promissory notes. So are bank checks, drafts, or any other obligation expressed upon paper whereby future payment is to be made either to-day or next year. So also are bank-notes, being a form of legal tender recognized as such, and used commonly with equal facility with money.

I shall consider them in their order. Bills of exchange are written orders directing one party to pay a sum of money to another, either the person who receives, the order or a third or fourth, as the case may be, at some specified time in the future, being capable of being passed from one hand to another simply by an endorsement of him who parts with it, to show that

it has been in his possession and has by his sanction passed from it. It may thus pass from hand to hand with equal and in many cases with greater facility than money, being payable in money at the time and place specified. A simple order to pay is not a bill of exchange, because this latter may be issued, and frequently is, without any defined time of payment; may not be issued in consideration of existing debt or obligation, and therefore is not an absolute assignment, being in its nature only a request, which may be either withdrawn, or refused payment by him who receives the request.

A bill of exchange is no less than a peremptory order to pay in nothing but money, and it rests with the holder to exact money in payment if he so desires. Custom, however, is not so exacting because it would in most cases be to the disadvantage of the holder to receive money; hence they are usually paid in some kind of current funds,—these most common being checks or drafts on institutions known to be solvent.

The phraseology of a proper bill of exchange is defined by law. They are used both for internal and for international payments through a system of co-operation between banks and bankers throughout the mercantile world.

A promissory note is a written promise made by one person to pay another a certain sum at some specified time in the future.

Usually for convenience in negotiation, it is made payable to order or to bearer, and the chief distinction between these and bills of exchange is that the latter are usually made payable in the immediate future, or without long time intervening, while promisory notes are drawn for all periods varying according to convenience and agreement as to the time of payment, and are supposed to be payable in current funds.

A check is a written order on a bank or banker by one who has an actual deposit of money with the institution to his credit, payable on presentation, the only requisite being that the receiver shall be identified as the right person to pay.

It is quite similar to a bill of exchange in its qualities, being endorsable to other parties in like manner, and may be passed from hand to hand, although from being used more for the payment of small accounts for indebtedness, it seldom passes except to the bank on which it is drawn, or through the customary channels, as the clearing house or other banks before reaching its destination.

Every one knows the office of the bank-note, therefore I need not explain.

These four form what are called the quick circulating credit mediums which the activity of industrial interests demand, and they answer in a remarkable and astonishing manner, constituting, no doubt, nine parts of the basis of commercial transactions to one part money, and being

much more convenient for transmission are more valuable for use than money.

In another class, not so intimately connected with trade and industry are the government bond, now commonly so styled, and the mortgage, either on real or on personal property.

It is generally understood that national debts are so honorable, being so necessary at the establishment and in the development of a country without extra burden to its people that a national debt is considered as the first stage of a nation towards civilization. Such are incurred by a government either to meet extraordinary expenditures, as for example war, or to carry out and perfect public improvements or undertakings, calculated to be for the interest and benefit of all its people, whatever may be their nature, not already provided for by some sort of revenue, which is always unpopular if carried to the extreme.

A nation may financially be considered equally as simple as an individual enterprise in respect to its working. It can borrow proportionately with its resources, credit, or stability just the same.

There are, however, some important differences. The government is an institution founded by all its people, and is supposed, from the protection it affords to society, to have a perpetual lien upon all the wealth which its people possess, especially all that wealth which rests in the real

estate within its bounds. This actually is its condition, since only in its perpetuation can private possessions prevail, so that its preservation is identical with all those private and individual rights which exist under it.

The bonds issued by the government, therefore, are believed to be more thoroughly secured than any other class tokens of debt, and are indeed preferred to any money depository for savings as an investment of funds.

While governments are not strictly bound to liquidate their obligations at a given time, because their people are rarely anxious to change their investments, but are willing to extend the time of payment; and while governments may by enactments change the conditions on which they borrow, individual credits are restricted to a certain date when arbitrary payment must be made, owing to varying conditions of solvency which may prevail from time to time, as will be readily understood.

For the purposes of actual administration of public affairs, a government usually finds resource in some system of taxation, or from duties levied upon commodities brought under its jurisdiction by a foreigner, these two being called a revenue. It is only as such resource is inadequate that governments need resort to a popular or forced loan, and the fact that such recourse is necessary shows conclusively that the system of revenue has been mismanaged, or the admini-

stration of affairs has been unduly extravagant. It will, therefore, usually be avoided, because that political party under whose administration the shortage occurs will be held responsible by society, if it becomes aware of its doings, and so suffer the penalty.

Thus it will be seen that generally, because it is held to be for the general good of society, a loan asked by a government will find a ready response from the lenders. I shall say more of this under another head, this being all that is necessary in classifying and defining the different forms of credit.

The last chass with which we need to deal is the mortgage.

This also is a species of credit, being the security for money borrowed by charging it upon a well-defined piece of land, which is conveyed by its terms to the lender, the conveyance being subject to the qualification that if the borrower pays certain sums of interest as they become due, or pays the whole sum at a stipulated time, the mortgage shall be cancelled.

There are some other requirements to be complied with, but these are the main conditions. As a mortgage is subject to registry at a depot where such records are kept for public convenience and safety, any person can ascertain to a certainty whether a prior encumbrance exists, and thus know whether he has the first mortgage before making the loan. Next to the government bond, therefore, mortgages upon

real estate are held to be the strongest security obtainable.

Mortgages upon personal or movable property are more in the nature of a pledge, being supposed to be in the possession of the lender until the debt is paid, and in failure of payment at the end of a stipulated time, he has the right to sell or otherwise dispose of the articles or goods thus pledged. Such goods, however, are often by custom or for convenience left in the nominal possession of the borrower, the lender risking the chance of their removal or disappearance without the debt having been paid. Legal restrictions are enacted to prevent their removal which involves a penalty for violation.

The inferior form of credit whereby the consumer obtains goods from the small dealer without any form of security apart from his honor has already been mentioned and is so well-known that it need not be treated of. The book account also, often of broader scope, but assimilative in its nature, will be understood, resting similarly upon the honor of the debtor without other security.

There is one form of credit deserving more extended notice, but which not being so recognized generally I have reserved for treatment until the last.

This is that form of credit whereby the talent or skill of an individual enables him to borrow capital for productive application.

Sometimes this talent or skill is so

evident that it can command capital with scarcely an effort, and sometimes, alas, capital is so slow to respond, so suspicious of the future, however brilliant the prospect seems, or indeed how real it actually is, that it will not respond at all, and the disappointed borrower is put to all sorts of straits, as was Bell, of world-wide telephone fame.

It cannot be denied that there is great risk involved in this order of credits, since not only is future talent or skill always an unknown and immeasurable quantity, but the death of the individual may terminate either of them for material purposes and leave his unmatured or undeveloped plans and practice without further development. Since, however, it has been found that to such source the world owes its greatest and most rapid development, society yields encouragement to talent and skill in various ways, although far short of the extent to which it might contribute beneficially both to itself and to the individual; for even the loss of some considerable capital in unsuccessful ventures of this experimental sort, if the experiment is founded on some well-known principle which ought to yield good results, is not to be compared with the possible loss to humanity of notable and magnificent results when experiment developes successfully.

But it is not due to the lack of recognition of possible benefits to be derived that society is slow to contribute

honest and trustworthy.

There is a large field for credit which is not only perfectly legitimate and right, but eminently beneficial to society and indispensable in trade, It is only when its power is abused that it becomes dangerous to society, as for example in any case where the apprehension of loss operates upon the mind of the lender on the one side, while on the other is the strong desire for gain.

Here, credit must always be the victim of circumstances, as the borrower who has nothing in his possession actually, but everything in prospective, can only offer prospects as security for the loan, and he who loans will speculate upon the chances of the future, sometimes to his own hurt, and sometimes to the hurt of the borrower but the latter, if he pays it all, pays the risk, and to that extent he suffers.

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government, bank organization, or the individual who gives a mortgage upon his property, each and all issue the promise to pay for the purpose of procuring money to use, and it thus continues in use, having simply changed hands.

In the case of government bonds and of bank-notes, however, there is supposed to be always a percentage of actual gold or silver kept from circulation because both usually require that a reserve shall be kept. Therefore neither of these two kinds of promise are supposed to add materially to the circulation or to take from it, except so far as they may be hoarded.

Of the common promissory note, it may usually be said, especially when used in commercial transactions, that it materially adds to the circulation, because the individual who receives a promissory note most frequently uses it again to procure its proceeds in money or current funds, and thus it may be said not to supercede money, but to add to it.

The only exception is when he who receives holds the note until its maturity, which does not happen with the bulk of promissory notes. In this case when it occurs, it operates the same as any other thing which is hoarded instead of being used, it takes from the circulation of the commodity.

The bank check is more nearly a substitute for money than either of the foregoing, being a commonly accepted promise.

to pay at sight, resting upon the faith of one individual upon another, guarded, of course, by certain laws against breaking that good faith, but nevertheless resting upon it in reality, because by the system of checks, transactions take place between individuals, between individual and bank, between banks with each other in all sections of the country and abroad without the intervention of money at all.

This, then, adds by the whole of its bulk to the circulation, because it absolutely takes the place of so much money in commercial transactions. As it is issued only as an equal value with the commodity it buys, however, the bulk is only equal and commensurate to the bulk of transactions, and so while adding to the circulation, it performs its functions so systematically that there is never a surplus or a scarcity, more than in money.

In other words, its needs measure its bulk, just the same as the needs of society measure the amount of money required for circulation, and in measuring the latter the circulation of the check is to be considered, less money being needed.

The mortgage may be classed with the government bonds and the bank-notes, its existence presupposing a want of money on the part of the issuer, and therefore the money simply changing hands does not increase or diminish the circulation unless the funds are taken from a hoard.

We have found, then, that neither government bonds, bank-notes nor mortgages neces-

sarily influence the circulation, and that bank checks influence it only in conjunction and in like manner with money.

In the case of ordinary promisory notes, we have found that they influence the circulation to whatever extent they perform more than a single service, or in other words, just as often as they pass from one individual or corporation to another while in process of maturing.

It is with this latter, then, that we have to do in coming to a consideration of the influence of credit on price.

I shall put under this head that class of notes issued during the War of the Rebellion so well-known as greenbacks, all promisory notes given for value received,-presuming all of them to be negotiated for other funds,-all notes also, given without value received, commonly called accomodation notes, presuming all of these, also, to be negotiated for other funds.

Any and all of this class have added to the circulation, and any and all of them can be tendered in exchange for commodities the same as money according to their money value as it is determined by custom and usage, or according to the comparitive value which society places upon them.

Now as they perform the same functions as money, they will operate substantially the same upon prices as money, and hence this rule:-

As a large increase of money creates high prices in commodities so also in like manner will an increase in tokens of

credit. Also:-

As a large diminution in volume of money creates low prices in commodities, so in like manner will a diminution of tokens of credit.

As the government or individuals inflate the market with their promise to pay, the tendency of prices will be upward; as they curtail, or draw in and diminish their promise to pay, the tendency of prices will be downward.

It is always the amount either in money or in promise to pay, or both together, which effects the prices of commodities.

In other words, prices are ruled by the amount of purchasing power in the market, granting that the commodity is what people want. If this power is large, goods will demand high prices in exchange; if small; goods will be eager for the exchange and sell lower.

Now as the amount of money in circulation is carefully calculated so as to perform the duties required of it, it is manifest that unless there is a sudden and unprepared-for drain such as war, the volume will do its work pretty accurately, whatever fluctuations there are, being caused mainly by unequal drafts by some sections of country whereby another section will, for the time being, become short.

Of course this may happen by one section having at a particular time some desirable commodity which another section demands. Were this confined to the legitimate and reasonable demands of society,

it would act only temporarily, each section adjusting itself with another, but from the speculative tendency of man, looking to the future for gain, it is frequently the case that it does not so act.

A short agricultural crop, a diminution in volume of any manufactured commodity in which the need is certain to be manifested from being a normal one, will operate upon man's thirsting desire for gain, and induce him to send his capital, so far as he has it, into this one venture.

If he has not the capital and has the credit, he will send that. Of course, from the scarcity of the product and the abundance of money and credit to control it, the price of the commodity rises.

But nature is proverbially generous to her subjects, so that agriculture sooner or later makes up the deficiency and the price becomes normal again. So also with manufactured products. Man as an agency of production proceeds at once to make good the deficiency by making an additional stock of goods, with the result that the scarcity is removed and prices in these, as in agriculture, again become normal.

Now in this transition of price from high to low and from low to high again, caused in most cases by speculation of some kind or other, there will be individuals who will be fortunate in putting capital or credit into the deal when a profit will be made. With others, as the market conditions change from scarcity to plenty, they will invest only to lose.

It operates exactly like a game of cards, in which those who are fortunate in holding the right ones will win the game.

If by any superior knack such cards can be lured, he who has the knack is the winner; but as there are only so many cards in the pack, each separate suit coming in turn to be the "trump" so it is in commodities; while one is ruling as "trump" with speculators, another is taking an inferior place, awaiting its turn to become "trumps."

These each in turn attract capital and credit, always to the detriment or the inactivity of something else. If that something else be credit, this will suffer from the inflation in higher rates of interest, in the public estimation of its safety, and as a consequence of these, in a general lack of confidence which will affect trade and industry; if the something else be industry, or trade in other commodities, these will suffer from the inflation by a contraction of usual resources, these having suffered a shock in the public mind and made it cautious; if that something else be money its volume will be curtailed just according to the amount of the speculation by its attraction to another field for the time, bringing on a "tight money market."

None of these can be relieved except by prompt application of money, or of credit, to the locality which needs them; but from the nature of speculation, covering as cleverly as possible each of its tracks to a more promising field so as to be

first,-the market is seldom aware of the loss it has sustained until it is forced to suffering through a lack of its usual sustenance.

This is true according to degree of every speculative trade or pursuit.

When speculation becomes a passion,so that it enters into every trade and occupation,either through unwonted inflation of credit generally or through an overabundant volume of legal tender,or money, the result is a financial panic,which brings about a commercial crisis.

Every man who makes his living by the use of capital or credit will at such a time look about him carefully,scrutinizing every call,to see whether there is a solid basis for it,or whether it is the result of a loss which it is intended to tide over until brighter times.

If he thinks it is the latter he hesitates to take the risk.

From such a state society suffers throughout and recovers but slowly,sometimes not for years.

There is one notable exception to the rule that speculation is the cause of inflated credit and the evils which flow from it. This is found in any great emergency of government,whereby it is unexpectedly called upon to incur great and unusual debt and defray it. This was the case with the United States when the "greenback" was issued. It is the case when famine occurs,which necessitates the

withdrawal of money from the general market to such an amount that it is starved for circulation, the money in this case being actually diverted from the country, not in exchange for commodities or ordinary trade, but for food commodities which go at once into general consumption.

Without a broad international league or brotherhood, this case is possible. In such cases, the money market being starved, yields itself only to the demand which is based upon the most solid security, and frequently is unable to do even that during the crisis. The weaker, of course, must suffer.

We come, then, to the propositions that follow:-

When credit is used speculatively, it is to the injury of all trade and industry, and through these, to all labor.

It is always used speculatively when it borrows without giving equal exchange value.

The virtue of its use depends upon the need for the good of society. Its use for any other purpose than to supply a need is pernicious, entailing its consequent suffering upon society, not to society's gain, but to the gain of the individual or corporation.

All credit, then, having no substantial basis of value to rest upon, is speculative in its character.

I do not deem it necessary to make a close distinction between bank-bills and money, since in America, such bills, as I

have before mentioned rest their issue, or nearly all of it, on money deposited with the government in some form, and are thus a true representative of money.

Before applying the propositions which we have found to rule, and endeavoring to show what sort of speculative credit may and ought to be tolerated by society, I shall take into further consideration some forms of paper credit and their working.

In conclusion of my present subject I will state my opinion, which I admit is somewhat apart from the line of discussion we have followed, that for the safety of society, stringent laws should prevail, making the holding of every maker of a promissory note dependent upon some form of record at a state or municipal depot, and thus exhibiting every man's indebtedness as does a mortgage.

Such a method if efficient, while it would probably undermine the mercantile credit of many so-called capitalists, would check speculative tendencies, and it would likewise give stability to many a worthy industry which now suffers under suspicion, because it would show that it was at least, unburdened and self-supporting, however small it might be.

For it is a fact beyond dispute, I think, that mercantile ratings, in spite of the safeguards thrown around them, are largely based upon a credit whose limit cannot be accurately or approximately measured.

CHAPTER XXVIII

ARBITRARY VALUES IN COMMODITIES

I have shown in a previous chapter that a medium of exchange must have value, or else he who has the commodity desired will not be willing to part with it.

This condition is founded upon an unalterable principle, viz:-

By a well-recognized law, everything which a man possesses has some sort of value to distinguish it from every other possession, and to make it a thing capable of being exchanged without injustice to either party. It is through this law that it first becomes his possession, because if it required only a slight exertion to obtain it, that exertion has its value in the general economy, however slight it may be. Whatever enhancement in value it possesses over the one easily obtained, it possesses because it has cost just so much additional exertion.

It follows that anything of very inferior natural value, if exchanged for something of superior value, would create injustice to the one who parted with the latter for the former.

The honor and integrity of mankind are involved in sustaining this great principle of equality, else the strong would

prey upon the weak and the latter would suffer.

Now from the general consent of society, the precious metals have been found to be the best of all commodities to serve the purposes of exchange; not because of their intrinsic worth;not because they are better suited to the desires of the rich than the poor; not because they are more easily accumulated,but because they are more convenient, and are suited to express in just and equal terms the true value of all exchangeable commodities.

This is the first,last,and only ground for their adoption.

If a piece of paper three by six inches is taken to represent the value of a potato,it will be found that he who parts with the potato has been robbed; if to represent the value of a nugget of gold, the disparity is so great that to make a comparison by figures would be an impossibility. Each has cost a certain amount of effort,the bit of paper having cost so insignificant an amount that if it is exchangeable for anything of hardly any value,the principle of equality which is so necessary has been broken. This is shown in more ways than one.

First,by comparison of the product of a day's work in any two commodities,paper being one of them.

Second,by comparison with another piece of paper as contained within a book,in a newspaper,or a sheet suited to the purpose of writing.

Third, from the fact that it can easily be afforded to wrap packages of other commodities, being the gratuitous vehicle in which they are carried.

I might enumerate more ways, but these are sufficient to show that if a very small piece is given an arbitrary value in exchange, somebody must get more than an equivalent when any exchange is made.

But who is it who gets it?

If I buy from my neighbor a commodity and have not the money to pay at the time, he, being willing to wait, trusts me for the moment, which we will say is five dollars. If by any stretch of ingenuity I could make him believe that this value was contained in a piece of paper, I could only do so by showing him that some one else believed the same, so that he could get his equivalent in commodities. Otherwise, he would prefer to rely on my honor to pay him in kind. It was to meet this last inconvenience that money first came into use.

If the above premises are correct, we shall establish one very important truth in our consideration, viz:-

That no individual can establish an arbitrary value with the consent of society.

If this is a truth, it is not the individual who gets more than an equivalent when exchanges are made through such a medium.

It would of course be equally impossible for any number of individuals short of the whole sum of society to get more than an

equivalent, because while any portion of society objected, the system of exchange would not be universal.

If, then, the whole sum of society establish an arbitrary value upon an inferior commodity, where is the chance for any one to get more than an equivalent?

I think we have arrived at a point where we shall see that society as a whole can derive no benefit or gain from the establishment of an arbitrary value.

Who, then, can possibly be benefited? In the case of a monarch, it is easy to see that as long as he can impose such a medium of exchange upon his people by an arbitrary rule, it is he who will get the benefit, and no one else except through his gift. All who make exchange must be cheated. Society has furnished him with a great bulk of paper at an insignificant price, and he has extorted from society valuable commodities in exchange for it.

This is against honor and integrity, yet it has been done.

Its operation is exactly the same as an arbitrary tax on society, and its nature is precisely the same as the nature of such a tax. The effect of such a system in Rome was the downfall of ancient civilization, and these effects have not been eradicated to this day.

It was done through the assumed right of purveyance in the reign of the first two Stuarts in England, when the currency was changed, and the government paid for its supplies at old rates which prevailed

before, while the currency had created high ones; also by Charles I. in taking the wealth of his subjects without leave, besides incurring debts which were never paid; but the result of this, and of issuing currency of less than the true value than a former currency, although England is more nearly exempt than most countries, was that it reduced her from the position of a first-rate to that of a third-rate power in Europe for more than a century.

It has been done in France in the case of the "assignat."

It has been done in Spain and in other countries through repudiation.

It would have been done in America in the case of the "greenbacks" had not the government exhibited its readiness to redeem in gold or its equivalent.

It was done in the Southern Confederacy through the issuing of paper never redeemed; but in this case its existence had its excuse from the absence of other sufficient medium of exchange, and in its contemplation was no breach of financial honor or integrity more than was the issue of the "greenback" by the government of the United States except its greater risk of redemption. I might name other cases, but these are sufficient.

In all these cases, whatever was not redeemed in gold or its equivalent in some sort of commodity, caused suffering to somebody in the last event, from the inequality of the exchange.

It is, then, an established fact founded upon a long experience, that any arbitrary value which is above the true or natural value, is a violation of the principles of honor and integrity and therefore an injustice to society, and the whole of society, the last possessor being the victim of a fraud, whether he be rich or poor.

The only excuse for the existence of such a token of credit value is the inability to meet current obligations: the only honorable method of issue being the promise that it will be redeemed sometime, in some form of equivalent value with that which has been given for it.

The benefit to be derived from it is not to the individual, except as he can catch something from fluctuations from true values to artificial ones as they pass in commodities from high to low prices or the reverse, and whatever he thus gains somebody else loses.

Therefore, an arbitrary value above the true or natural value cannot be made an advantage to society as a whole, but only to that portion of it who have the acuteness to grasp the opportunity for unjust gain when it occurs.

Instead, therefore, of such an issue tending to the restoration of an equilibrium of human affairs, it is a greater disturbance to it.

CHAPTER XXIX

FLUCTUATING VALUES

It has been seen that it is an injustice to society to arbitrarily fix a high value upon a commodity of inferior value in currency and it is no less true when the application is made to any commodity, because every superior value must suffer by any exchange. It proves the consistency of the rule that it does so apply.

Yet, in the conduct of human affairs it has not always happened that all commodities were regularly ruled by their true or natural values, but they have frequently fluctuated from low to high and from high to low.

There are some natural causes for such fluctuations and some causes which are the result of artifice.

If an agricultural product is scarce from a general failure of the crop or from a great excess in consumption (the latter being a remote case), the fluctuation would proceed from a natural cause.

If from the failure of any supply for the manufactured commodity it became impossible to produce the amount sufficient to supply society its want, then the fluctuation would proceed from a natural cause. In both cases the value, or price,

would be higher, because those who wanted would bid higher for the sake of procuring it, again, the agricultural crop was doubly abundant, the fluctuation would proceed from a natural cause.

If the manufactured commodity was produced in excess the fluctuation would follow, but in this case it would not be from natural causes but from too great zest in pursuing the avocation.

The excess of production might be accidental or unintentional, and probably it would be so, but its occurence would be due to a lack of foresight which, had it been exercised, would have prevented the fluctuation.

In both these cases the value, or price, would be lower, because there would be more than was wanted at the time.

Now as any scarcity causes the value of a commodity to fluctuate in value, or price, it is plain that if the bulk of a commodity can be controlled by any individual, and held in control a sufficient length of time to create a famine, he can take advantage of his holdings and gain whatever amount it has risen from its scarcity.

A principle inculcated in the mind of the writer at an early age by a master of finance was this; "When wheat is thirty conts per bushel it is always safe to buy." The reason is manifest. At that figure it is below its true or natural value, and if a government would in such a

case go to the rescue of wheat and preserve it at its just value for the benefit of society, it would do well; but when an individual does this, he does it from the desire of whatever he can gain instead of from a spirit of philanthropy; hence it becomes a speculation. When, whether the price be high or low, an individual obtains control of a commodity it is for the sake of gain.

In the "Leiter" deal in wheat of recent occurrence, it was expected that the promoter would gain several millions from the great transaction. That he did not was only because he failed to control the bulk in his hands long enough so that he could reap the gain. Yet it was so little understood that we noticed the intention among farmers to contribute a substantial token of their appreciation because it resulted so much, temporarily, to their benefit. It is too frequently forgotten or ignored, that there are two sides to this subject, Had the farmers looked yonder, to the poor suffering portion of humanity who were obliged to go without their daily crust of bread, he who was responsible for such a condition would not have been thought to be a benefactor of mankind.

At present writing, in the Southern States where cotton is grown the crop is so large that the value per pound has so greatly lowered that it can command only four and one-half cents. This is not because cotton is worth no more than that,

but because there is more than is needed at the moment for use, the true or natural value being higher. It may be a question whether or not the extra supply will yield as much in the aggregate of low price as a smaller amount would at a higher one, but it is a fact that every pound has cost labor, and very nearly in proportion with the cost when the supply was less. It may be said, therefore, with truth, that cotton is below its true or natural value. No one can be blamed for so abundant a supply, because it could not have been foreseen; but if some wise providence would dictate a method of keeping the surplus, it would find its way in time into consumption without fluctuating in price, because the value is really contained in it as a product by virtue of what it has cost in labor.

If, however, some individual or collection of individuals should, taking advantage of its present low price, gather it all under control, even with the great abundance in the crop, it could be made to fluctuate to a higher price to their profit or gain.

Thus far I have confined my discussion to a single commodity. I have done so because no individual or collection of individuals could control <u>all</u> commodities, nor are we to expect a famine in all of them at the same time: hence this rule:-

General commodities as a whole, cannot be controlled by speculation.

Only in one way can they all at one time

fluctuate in value, or price, which is by a change in the currency, or medium of exchange. When that fluctuates, all commodities must fluctuate with it.

Not to twice express what I say under the head of "combination" in the general discussion of production, if society refuses or neglects to conform to the rules there laid down, there still is left the government, which, if it can effect changes or cause fluctuations in the price of general commodities, can also by proper means keep them at an equilibrium.

If, when there is an over-supply of any commodity, the government should become the buyer for the benefit of society, it would thus be held without any fluctuation in value; and the industry which produced it would not suffer.

This would not be practicable under a system of free speculation in production, but under a census which might be made practical were all goods in transit made subject to strict manifests available to, and for the purpose of the census gatherer, production could be measured as accurately as is the circulating medium.

Its operation would only require an act of the congress creating a series of bonds for that especial purpose, to be redeemed at option.

If, on the other hand, the supply should be deficient, if the government should intervene and become the distributor, the product, whatever it was, could be distrib-

uted equably among all classes at the usual price and no manipulator of the indu

which produced it would benefit at the expense of society, which would operate much more substantially than can enactments intended to prevent, which are usually evaded.

It would seem, then, that if the government executed all its possible functions equably for the benefit of society, the economy and equality of exchanges would become a necessary part of its administration.

Is there anything absurd or peculiar in this theorem?

Whenever society shall have arrived at its best state, it would be presumption on the part of the individual to attempt to improve it. Until it arrives at that happy state it is wisdom to carefully analyze every proposed method which can stimulate the more rapid advance of improvement.

I am not aware whether I am the first to advance such a method as I have proposed or not; but it may be said certainly to have the virtue of preserving an equilibrium if carefully put in practice, and is therefore commended to thoughtful consideration, any method of the prevention of fluctuation in values in commodities being of no less importance to that portion of society directly involved in it at any given time and place than is any fluctuation in the medium of exchanging them. I trust this subject will not be passed by until reference has been made

to my chapter above named, "Combination."

CHAPTER XXX

FLUCTUATION IN MEASURES OF VALUE

I have referred elsewhere to the peculiar desirability of the precious metals for use as a measure of value.

Whether their value of themselves is determined by their cost of production, either under the most unfavorable circumstances, or by an average cost of production; whether coins are always equal in value with bullion or not, the variation, in the present condition of the whole supply is insignificant and must be, in its operation on value, or price.

This will be evident when we consider that the annual production does not amount to more than one, and probably never exceeds two per cent of the whole supply already produced, which could by no possible stretch be made to operate by its addition upon the general price, even if it were all launched at once upon the market, the usual conditions of trade, domestic and foreign would so quickly absorb it. But instead of its being all

launched precipitately, it is only launched gradually, as it is produced, which makes its advent so unappreciable that it is scarcely noticed in the great trade operations of the world.

Bullion, therefore, as a commodity, may have very slight fluctuations in price, but it cannot under any present conditions effect the price of gold as money. It will be understood I am speaking of gold, and not of silver as the latter commodity just now, at least, is subordinate to gold.

If the production should increase at any time so as to alter this condition, it would at once serve to produce a check upon the gold production. If it should diminish sufficiently to effect a change, mining would be stimulated. It would take a greater variation than would now seem possible to create any appreciable effect, notwithstanding the phenomenal increase in the Gold production of South Africa, the Yukon and other newly developed regions, which will not probably bring about any depreciation of the value of gold as a medium of exchange. It is barely possible that, if the increase continues, it may tend to a fluctuation in the market ratio between that and silver, which is now probably about 32 to 1.

I do not think, carefully speaking, that the measurable value of gold is subject to the law of supply and demand, but is so well established by nearly all nations that, considering its bulk and the improbability of increasing or diminishing it

greatly, it may be said to have become a fixed law which its intrinsic value will sustain.

But a measure of value however fixed, will not of itself determine the relative value of commodities. This is and must be fixed by the popular will of society at a given time, place, and circumstance unless protected and regulated by a wiser government system than a protective tariff, which protects the one individual and enables him to dictate to the rest of society what it shall pay for a commodity.

In the matter of coincident productions, if the will of society is that beef, and hides, wool and mutton, gas and coke, shall obtain value as it has need of them, or if he who produces these coincidents is constrained to raise the price of gas in order to produce an equality in price between it and coke through the necessity of producing the one so as to obtain the other, it is an exceptional case and can have no weight in determining a general rule of value, or a measure of value. The producer might indeed throw his whole product of coke to waste and place the entire cost of production upon gas, provided society was willing to pay the price, and look to his pile of waste as a possible means of gain sometime in the future, just the same as he who throws his scrap iron to waste without reckoning its coincident cost with his stock of iron. It seems to me that any distinction between these cases is idle, making the science of economics a

plaything of metaphysics. Relative demand will decide the case without taking any measure of value into the account.

A science which can be demonstrated so reasonable and consistently each part with the other, and upon which society so much depends for its prosperity and well-being as political economy, should not be burdened with a complex elucidation or analysis of its principles, but should be stated in the simplest and the fewest possible terms.

I find myself obliged, from the voluminous matter already published on the subject, to introduce and discuss many things which to my own mind need not otherwise find place, illustrating the truth very plainly that "there is economy in economy."

CHAPTER XXXI

FLUCTUATION IN VALUE OF BULLION

Bullion is the product of gold and silver mines, generally so understood.

It is a commodity, and it has its true or natural value in like manner to other commodities, subject to certain restrictive elements.

From gold having been adopted as the ruling standard of the measure of values, it is superior to all other commodities in the quality of equilibrium it is true; yet even gold is in many ways like unto all other commodities. It requires labor in its production; it is an article of merchandise between buyer and seller, flowing to whatever section it is wanted, and hence is subject in a certain sense to the law of demand and supply, so far as it is used simply as merchandise as is the case when in uncoined bulk. It is an article of export and import, and will be governed by the rate or premium which is offered at one point or another, such rate or premium having as a reason for its existence the need or want which calls it.

It is money no more than other commodities, being bought and sold by weight and quantity, or fineness, exactly the same.

Only in one respect will it be found to differ from all the rest, but this is of such unbounded importance that it establishes a parity in values between all nations using gold, subjecting all others to a compliance with its terms in international exchanges or reciprocal dealings, whether belonging to commerce or state.

This one departure from the ranks of commodities has promoted it for merit by society to be commander-in-chief, and the standard measure of values.

But even this great distinction does not make it an absolutely and perfectly poised ruler except as it is actually present.

If a commander-in-chief leaves his command, being still short of the qualities of the infinite, he cannot absolutely keep his men to the established rule, though he may have delegated his authority to others. The men have gained perfect discipline through his commanding presence and his known and acknowledged authority, and notwithstanding that they may continue in abeyance to the deputy whom he has left in command, some little irregularities will creep in which only his reappearance among them will correct.

Thus it is with bullion. If from any cause it disappears from a country or a nation, irregularities will appear among its subordinates, the trades and industries, which can be corrected only by its return.

Therefore, if bullion is needed more at

one point on the globe than another, that point will at once offer a higher premium for it, and he who produces it, being influenced thereby, will send it there. It will regain its equilibrium as the conditions at the different points become normal. So it has its market value the same as other things, only being more readily determined from its intimate relationship to the prevailing standard of value, and so closely approximating that when it is weighed and assayed, all fluctuation ceases, the minting being free.

But there is a difference between gold bullion and silver bullion, and this difference I shall proceed to illustrate.

It is always a question, just the same as in any other commodity, what silver will bring in gold; and when the amount of production of silver proceeds from a seeming over-abundance, to supply the demands of trade and of governments for coinage, as is now the case, silver can have nothing better than a fluctuating value. This must be true, because, as we have repeatedly seen, any overproduction of a commodity of whatever sort causes the price to fall.

There cannot be any fixed parity between gold and silver, then, any more than there can be a true parity between gold and any other commodity varying in the amount and cost of production; but the relation which either silver or other commodity will bear to gold will always be determined by what-

over fluctuation occurs from any cause in such commodity. That there may exist an approximate parity, through proper legislation internationally, I have no doubt.

The production of gold is larger now than in any recent years, the world's production, according to the report of the director of the United States mint being in 1897 $237,504,800, but even though the production is so phenominal, the silver output being about equal, and far less demand for it, there is little likelihood that there will be enough interest manifest itself and it will hardly be deemed expedient to convene another gathering to confer on the subject of bimetallism at this juncture.

Whether such should be the case or not, it is still true and must so remain, that when silver passes from hand to hand, it sells itself to gold, If the market value lowers it will sell itself for less; if it rises, it will ask and get more; but its real value will always be determined, not by what some would like to get for it, but by what degree of want is felt by society to possess it.

If there is so great a surplus that public wants are satisfied and it still accumulates, strong measures will be sought by interested parties to pass some arbitrary law which will clothe it with a fictitious value, as has been done in the United States, in its congress of late years, none of them as yet successful, for

the reason that to the acute mind, when it takes 32 ounces of silver to equal in value one ounce of gold, no one will be willing to part with the ounce of gold for 13, 14, or 16 ounces of silver. Every man who takes the silver will take it according to its true market value unless compelled by poverty to take whatever he can get, which would exactly describe the situation of the poor laborer were arbitrary law to fix the value of a silver coin in its relation to gold.

This truth cannot be altered any more than can the rule which makes the price upon potatoes,-their abundance or their scarcity, and if the one should be taken under the protection of the government, it could do so by no other method than suggested in a former chapter as expedient for the protection of the necessities of life, by the government becoming the buyer of the surplus. But there would be this difference, that while the government in affording protection to the necessities of life lifted the burden of high prices from society or the reverse, its protection of silver as the measure of value of those necessities would actually tend to precipitate upon society the very conditions which by the protection of the necessities it would avert.

To continue:- The law of supply and demand operates fully as strong upon silver as upon any commodity. I say fully as strong, because while it has value, it is a metal, and is not subject to the ordinary

rules of consumption. It must either be absorbed in manufactures, coined into money, or lie an inert mass, accumulating and never disappearing.

In the case of gold, all countries are desirous of obtaining, and absorb whatever production there is; in the case of silver, nearly all countries have it already, all indeed of great commercial importance, except England and France, and they have it in their colonial possessions.

Central America, Ecuador, India, Mexico, Peru, Russia, Tripoli, and United States of Columbia, and I may say also, the United States of America, all have it in profusion, and in each of them it is subordinate to gold as a measure of value in all commercial relations with other countries.

If a producer of silver desired to sell in most of these markets, he could do so only at a sacrifice even with relation to the price in the home markets, because the cost of carriage would more than counterbalance any possible differences. This, besides, would be "carrying coal to Newcastle" these countries being already supplied to repletion.

The trade of India suffers extremely because it has so depreciated in value that it becomes necessary in dealing with Calcutta or Bombay to make careful reckoning, not on what has customarily been the par value of silver, but its current market value on the day of reckoning.

This, of course, applies to its trade

relations abroad also.

Silver fell in Germany in 1876 to 94 cents per ounce which, with gold at $18.60 per ounce, the American standard, placed silver in the ratio of about 30 ounces to 1 ounce of gold. This was somewhat due to speculation, but it shows very plainly, apart from the present condition of the two metals how causes can become potent for depreciating the value of silver, while gold sustains itself.

In many countries, silver is money, but in any country having a gold standard of measuring value it is only merchandise.

Hence in its own country only, can silver have any arbitrary value, whatever legislation is accomplished in its favor, and even at home its effect generally is to induce high prices in other commodities. Therefore, to the exclusion of silver as a basis for trade negotiations between different countries, gold has always a well-defined value which is par value, and it rarely varies except when some section on the globe becomes short; in other words, it never depreciates in value, but if any variation occurs, it appreciates, creating the premium as already mentioned, Thus if New York wants gold from London at higher than the established ratio between dollar and pound, -say $4.85 or thereabouts to the pound, -London will send it immediately to supply the deficiency because it is at a premium, that is, if English gold rules in New York at $4.86 per pound it will pay London to send gold there and make the

difference, and contrariwise, and the induced flow either way when necessary will sustain the equilibrium in value.

It will be seen, therefore, how solid and permanent is the establishment of gold as the ruling standard as the measure of values. It is because it is less liable to fluctuate in market value than any other thing, and so can be depended upon in all countries and at all times. It is the anchor to which all finance and all labor and industry owe their safety.

Poorly advanced countries, many of them, have no settled coinage.

The Central American states reckon in dollars. In Australia and in South Africa the currency is the same as in England. In Canada, from its proximity to the United States of America, currency of the latter, more especially in gold, circulates freely with English currency. In Turkey and in Egypt peculiar and mixed currencies are used. Asia generally uses silver coin of its own. Java's currency assimilates with the Dutch, and in China the coins are token money, silver being sold and exchanged by weight. In Mexico, from the abundance of silver, gold always commands a premium, but is still the commercial money, silver circulating for domestic purposes, and to close this category it may not be amiss or irrelevant to give a short history of some of the United States currency.

In 1786 the United States introduced the dollar as a unit, and a few years later

found it necessary to fix a ratio between silver and gold which was done, this ratio being 15 ounces of silver to 1 ounce of gold. Silver thus, from having a cheaper market value than its value as compared with gold, became popular, but the premium on gold began to drive it out of the market. When this was apparent, the ratio was changed 16 to 1, and again advanced, but this time, the ratio being in favor of gold, silver in its turn was driven out.

In 1853, the silver coins were depreciated in value by reducing the amount in a coin, thus making it a "token currency."

All these disturbances at last culminated in a calamity. Cash payments were suspended in 1861 after a serious and long-continued money stringency and panic,

Then ensued the war of the Rebellion, during which the "greenback" became so popular. This, of course, was to meet a war exigency, but it had the following effects, far beyond what the fluctuating values of silver had ever accomplished, viz:-Originally the par value of the American dollar as estimated in pounds sterling was $40.00 to 9 pounds, or about $4.44 to the pound, but by careful assay and weight it was found that the pound sterling was losing about 9 per cent, which necessitated a change among brokers, who fixed upon $4.85 which remained the rate until the issue of the greenback, and for some time afterwards, as the new currency was absorbed so rapidly in the United States by its large territory and population that the gold

in the country was adequate for a long time to meet the duties which the government realized must be paid in gold, having taken the precaution when issuing the greenback to make it a legal tender only for domestic purposes, not to be usable in paying custom duties.

This must of necessity, drain gold from every available source, since trade demanded it for this purpose as well as for foreign exchanges, and as gold began to disappear, it also began to command a premium, and the more generous the issue of the greenbacks became, aided as it was in furnishing a great circulating medium by the expansion of private credits and the universal energy of all industries, this premium commenced on a still more rapid upward grade, until it was almost impossible on any given day to estimate exactly what it was, There being no true criterion on which to rely, the brokers took the arrangement of premium into their own hands, and it required all their skill to keep "posted" on current rates of exchange, and these would fluctuate, even in transit between New York and London. The premium reached as high as 180 before it was done, a pound sterling being worth at that time probably about $8.00, besides cost of exchange, which varied with all the rest.

Now when the highest price was reached, goods also of nearly all sorts had risen proportionately, having had several years in which to approximate their values with the depreciated currency.

No other country on the globe could have recovered its equilibrium in values without a great shock not far short of disruption, but the United States, by far the most fertile in productive capacity of any country, absorbing her soldiers again as the army disbanded, in the trades and industries, using her credit as carefully as possible, and husbanding her expanded currency, began a natural restrictive campaign not only in domestic prices, but also in exports, the result of which was to lower, somewhat, the high prices which had prevailed, and also she put out an enormous export, which began to tell as the gold came back in exchange. In 1872 the government began to look to a resumption of specie payments, but it left a large volume of greenbacks still in circulation because the people, having become accustomed to its use, were in no hurry to bid it good-by.

In 1873 came the demonetization of silver, currency being so plenty and the greenback so popular that there seemed to be an excess of money. Prices now began to regain their equilibrium and values to be fixed, but taking advantage of the popular delusion that a dollar is a dollar, whether it contains the value of a dollar or not, and in unison with the sentiment of many mining interests, in 1878 the silver dollar was again made a legal tender through the operation of the "Bland Bill" so called, but not to press it too strongly

upon the public, its coinage was restricted to four millions a month at the maximum, with the privilege accorded to the executive to abridge this to two millions a month if deemed wiser.

This is about as far as silver has advanced. The greenback is still in existence to the amount by the last showing of $346,681,016 April 1, 1893, but the stability of the United States is so well known, owing to her immense resources and her ability and intention to redeem them in gold at any time on presentation that her credit does not suffer abroad from their existence. Every step in legislation in favor of the interests of silver, however, has been and still is watched with an eagle eye by all financiers at home and abroad. It has disturbed trade relations as well as all labor and industry in every effort at agitation, and will continue to do so in the future.

I have pursued this discussion to a considerable length because it seems to me that no student can so well comprehend the subject of foreign exchanges which must follow in regular sequence, nor those subjects on which foreign exchange is based which subsequently follow without first understanding what really makes and constitutes the basis for exchange.

CHAPTER XXXII

VALUE IN IMPORTED BULLION

If it were possible to always ship gold in exchange for purposes of foreign trade, or commerce, there would be little of speculative theory on the subject, but so much gold would be worth its value in a commodity just the same as when it passes from hand to hand in any ordinary transaction between individuals, except the cost of carriage, which would be counterbalanced by the cost of carriage of whatever goods were exchanged. It is because this is not convenient, as we have seen in discussing its use at home, that a system of paper exchange becomes necessary.

In most countries, gold and silver are imported if at all, because there are no mines yielding the precious metals. Their value, therefore, in such countries is regulated by similar laws to those relating to other imported commodities.

They are transported mostly in the form of bullion as a commercial commodity, but may be in the form of money to pay debts, etc. What would be carried by individuals is of small account and scarcely worth mention in connection with the demands

made necessary by trade.

The former mode being the more common, I shall deal principally with that.

By this mode, the precious metals find their way from the mines wherever located, to all portions of the globe, being a commodity produced in that country where the mines exist. They are sold as commodities the same as any other. Therefore they are measurable against the produce of whatever country demands them, and are regulated by a similar law of demand and supply.

Indeed, to be short, they pass for what is their true value, except from such fluctuation as may be induced by some sort of speculation, and are subject to the same laws as all goods which are bought and sold. This is all that for our material purpose need be understood.

It will be seen that as it costs for transportation, the cost in a foreign country importing it must be greater by the sum of that cost, and this will be less or more, according to the distance. Its cost depends on the facility with which it can be obtained.

England, it will be remembered, is obliged to import the precious metals. Let England speak on this subject through Mr. Mill, who says:- "Any circumstance which disturbs the equation of international demand with respect to a particular country, not only may, but must affect the value of money in that country, its value at the mines remaining the same. The opening of a new branch of export trade from England; an

increase in the demand for English products, either by the natural course of trade or by the abrogation of duties; a check to the demand in England for foreign commodities, by the laying on of import duties in England or of export duties elsewhere; these and all other events of similar tendency would make the imports of England (bullion and other things taken together) no longer an equivalent for the exports; and the countries who take her exports would be obliged to offer their commodities, and bullion among the rest, on cheaper terms, in order to re-establish the equation of demand; and thus England would obtain money cheaper, and would acquire a generally higher range of prices."

"Incidents the reverse of those would produce effects the reverse, would reduce prices; or in other words, raise the value of the precious metals. It must be observed however, that money would thus be raised in value only with respect to home commodities; and in relation to all imported commodities it would remain as before, since their values would be affected in the same way and in the same degree with its own."

"A country which, from any of the causes mentioned, gets money cheaper, obtains all its other imports cheaper, likewise."

"It is by no means necessary that the increased demand for English commodities, which enables England to supply herself with bullion at a cheaper rate, should

be a demand in the mining countries, England might export nothing whatever to those countries, and yet might be the country which obtained bullion from them on the lowest terms, provided there were a sufficient intensity of demand in other foreign countries for English goods, which would be paid for circuitously, with gold and silver from the mining countries."

"The whole of its exports are what a country exchanges against the whole of its imports, and not its exports and imports to and from any one country; and the general foreign demand for its productions will determine what equivalent it must give for imported goods, in order to establish an equilibrium between its sales and purchases generally; without regard to the maintenance of a similar equilibrium between it and any country singly."

I think what Mr. Mill means by "the equation of international demand," is,-if for example, America is the country where the money is produced, and the demand in America for English commodities is very much larger than England's demand for those of America apart from her demand for the precious metals, then it will be the natural event for America to supply the precious metals which England wants, to pay the balance of American debt occasioned by her imports from that country; or in other words, each country wants something; America wants goods and England wants money and so for

mutual accomodation the exchange is made.

Naturally there would be no bonus paid on either side. This would be the simplest form of exchange, direct. In his later proposition, where goods are paid for circuitously, being the result of trade with more than one country, in the last event yielding pay from the one and the other together, it is the same, of course, as though all the transactions had been made with one country alone so far as the result in payment is concerned, but from being circuitous, it must be called "indirect." I shall explain these terms more fully in my chapter on foreign exchange. It is from these "direct" and "indirect" dealings together, that Mr. Hill concludes in the last paragraph quoted, "The whole of its exports," etc.

CHAPTER XXXIII

The subject of exchange, though not necessarily complicated in its ordinary working, has, I apprehend, been made to so seem to the student unused to commercial transactions through the rather ambiguous manner in which it has sometimes been treated. I shall try to treat of it in so plain terms that any obscurity with which it may be clouded will disappear.

There are two kinds of exchange, Inland and Foreign.

Inland exchange is that which takes place within the same State or Nation, without crossing the sea, such as occurs in New York dealings with San Francisco, or New Orleans, or intermediate points.

It is somewhat simpler than foreign exchange, in that the terms, being well understood which regulate it, a common gold value (which in the United States is in dollars and in England in pounds, etc), are easily known to the ordinary business man, and the procuring of a bill simply a matter of form, the rates at which the bill is sold being defined and of a very general average.

Some have ascribed the origin of exchange to Isocrates, who, depositing corn with a merchant at Athens, gave an order in payment of a bill which he had incurred upon a man living on the Euxine who owed him, which, in the event of its not being paid had recourse upon the merchant at Athens so as to make it payable either by the one party or the other. It will be

seen that the order thus given was better to the party to whom it was given than if it had no recourse on the other party, the Athens merchant, since without it the recourse would have been in Isocrates himself only, and the transaction in the event of the order being dishonored in the first instance, would have ended where it began,-Isocrates would have owed a bill. But by making the order to have recourse, the merchant at Athens still stood between Isocrates and his debt, and thus furnished that additional security for its payment.

Exchange has also been ascribed in its origin to Cicero, who having a son at Athens at school, paid his tuition in this way. An Athenian owed a citizen at Rome a bill. Cicero bought from the Roman an assignment of the debt and sent it to Athens to discharge the tuition, leaving it to the principal to collect from the debtor.

Still another to whom the origin is ascribed was the pope of Rome, the circumstances being as follows:-

Henry III., of England, was mutually interested with the pope in deposing from his throne Manfred, king of Sicily. For the expenses of deposing him the pope drew on the prelates and abbots of England through Henry III. The draft was honored by some English tradesmen, who having debts due them in Sicily, bought the draft from Henry III and sent the pope a bill, or order, upon their debtor in Sicily.

In each of the cases stated, by the existence of value in a place remote, the party was able to pay his obligation by simply giving a draft, instead of being obliged to transport coin for the purpose.

To whichever of the three the honor belongs of having originated a system so beneficial in its working does not matter after so many centuries, but it worked so admirably that it has since become almost the universal law of liquidating obligations between remote points.

It will be easily understood after the foregoing explanation of transactions, that the value at any given point was created by a former transaction.

For example, Isocrates had rendered value previously to the man on the Euxine on whom he drew, and also to the merchant at Athens, whom his order called to pay in the event that he of the Euxine refused.

In the case of Cicero, the Roman citizen had rendered value in some form to the Greek at Athens, so that he could be called upon for payment with the probability that he would respond. And in the case of the pope, Henry III was under obligations of some nature to him which it was encumbent on him to discharge, while the merchants through whom he discharged his obligation had rendered value in Sicily which created a debtor there, who would also respond when called upon for payment. In each case, then, where exchange takes place between two points, value at the point drawn on and due the point which

draws is presupposed.

This value may be owing to commodities shipped to the point and creating a debt,- to interest upon a loan previously made, or to the loan itself from capital having been invested in one form or another, or from costs of carriage on goods, from commissions for selling, or from any other thing which creates a money obligation, payable according to agreement in some kind of funds which will be par value to the creditor, he having parted with value which must receive its equivalent in the exchange.

Now as it is presumable that tradesmen in New York city have many of them sold eastern goods to San Francisco tradesmen, there is created a debt in the latter to the credit of New York. Also in San Francisco there will no doubt be tradesmen who have shipped Pacific coast goods to New York city, creating a debt there to the the credit of San Francisco.

The office of exchange is to effect a settlement, or liquidation of these various debts and credits in each of the two cities without being obliged to ship coin in each individual case, saving expense, risk, and cost of carriage.

It will be seen that only an intermediate agent is necessary, and this is one of the offices of brokers and of bankers, who from having memorandums of debts and credits are enabled through correspondents which they have at different points to effect the liquidation.

Thus individuals need not make search for a debtor or a creditor, but simply seek the banker or broker, who is usually able to furnish whatever is wanted in the line of exchange with admirable facility.

The simplicity of inland exchange is due to the uniform character of the money at all points. If New York draws on San Francisco the same value rules in the standard and so there is no complex problem in computing what the charge will be.

In foreign exchange, the values change of course, according to the State or country drawn upon, or the state of its currency.

Foreign and inland exchange are alike, however, in this respect, that in foreign exchange as in inland exchange, the basis on which it rests is value at the point drawn on and due the point which draws, and is established in like manner by previous trade or dealings whereby the obligation has been incurred.

By an unwritten law of concentration, London has long been the central point of foreign exchange. This is due to the fact not only that from having been long established London banking houses have a wider reputation than those at other points, but also that it is more centrally located than New York, St. Petersburg, or Calcutta, being intermediate between many trading points.

Trade with Germany, however, being now extensive both in the United States and in South America, is facilitated by a di-

rect system without the intervention of London.

It will be suspected from the above that there is a direct exchange, and also indirect exchange, the former being where exchanges are made direct between the points, and the latter through an intermediate point, and so it is.

In trade coming from Calcutta, for example, a debt is thereby created in New York.

Instead of the Calcutta merchant who has exported his goods to New York drawing upon that city direct, the custom is to draw on a London banker, who through his dealings with bankers in New York direct, draws upon a broker in that city to liquidate the Calcutta draft.

Likewise with the East India trade; while the New Orleans dealer who has created a credit in St. Petersburg, for cotton or other goods sent there, draws, not on New York usually, nor on St. Petersburg, but on London, after the same method explained above, mutual debits and credits in the hands of London brokers enabling them to effect the liquidation.

The advantages of such a system are mostly from these facts.

The pound sterling having been longer known than the American dollar, -its value has been more commonly ascertained by many nations, and it is therefore more natural to resolve the money into equivalents, -the gold rouple of Russia being equivalent to 1 pound, 11 shillings and

8 pence English money, the Indian rupee (30) being worth 3 pounds, etc., while in many countries backward in trade, peculiar currencies prevail, quite difficult to assimilate in value with the standard measures of wealth in advanced countries, but sufficiently known among London bankers to effect exchanges pretty generally when the case requires.

In addition to the above, there are so many points in direct trade with London that the system of debit and credit with other nations is very broad, and this naturally causes it to be the easiest and best general depot of exchange.

While a bill of exchange may be a peremptory order to pay in nothing but money it is evident that money is seldom paid. though supposed to be at hand if absolutely demanded. While money is presumed to be what effects the transactions named,- the means by which a party draws for the sum of a debt due at a distant point, it is not always present.

If I am the drawer, the bill is said to be in my favor and I am the "remiter" to a broker abroad, while the party who owes the debt on whom I draw is the "drawee" and when presented with the bill if he accepts, he becomes the "acceptor."

The bill may not be presented in person by the broker to whom I remit, but he may, if he chooses, pass it through a bank, or through other hands, in which case he "indorses" it, and if it passes through still other hands, as it may do, being sub-

ject to discount or hypothecation the same as a promissory note, each party indorses it in turn before passing it along.

The nearer the money systems agree between countries, the less will be the necessary rates of exchange. But the rate of exchange is ruled by the demand and supply of bills for the time being, the same as any other commodity.

Bills can never sell, however, for a higher rate than it would cost to transport the coin or bullion, because if such rate were asked the latter course would be preferred.

Now if New York has exported more to London than has London to New York, London owes New York more than the latter owes London; hence there will be less bills procurable in London drawn on New York than in New York drawn on London, and if the demand is great, bills on New York will be sold at a higher price in London because of the short supply, in which case it becomes purely a broker's transaction in which extra rates may be made unless there is something else which will counteract.

This there frequently is, as for example it may easily happen that Bremen owes London and New York owes Bremen, and in this case, the Londoner, instead of paying the high price for his bill, buys a bill on Bremen, sends it to New York, which in effect is the same as though Bremen paid New York its debt direct, the brokers in

the different cities completing the liquidation.

The bill of exchange, however it may pass from one hand to another, reaches the point on which it is drawn in due time, bearing indorsements of each person through whose hands it may have passed, and finally at the expiration of the time for which it was drawn, is presented to the party on whom drawn and paid.

It has passed in the meantime as money if its passage has been through different hands, and has been a medium of circulation just the same as money in gold coin or bullion and has saved the expense of transport wherever it has travelled.

This substantially explains the process of inland and foreign exchange transactions, direct and indirect.

All the complex forms of indirect exchange as well as direct, are so well understood by brokers who make the transactions for the public, and the market rates of foreign moneys so well known by them that it seems unnecessary in a work like this, to go further in explanation of details.

To sum up, then: exchange between one country and another will be governed in rate by the common medium of value which prevails in the country drawn on, compared with that of the country drawing. If the common medium is gold in both countries, the rate will be uniform; if gold in one and a depreciated currency in the other, calculation must be made on the depreciation. Exceptional cases need not be cited.

Exchange "favorable" or "unfavorable" depends greatly on the amount of indebtedness of once country to all others, and for its adjustment depends on the amount of trade which it can induce from those countries with which to pay its indebtedness, as if obliged to pay in money, it may impoverish the country in that commodity, while if its productions can be multiplied sufficiently by the natural course of trade they will supply the means to pay without impoverishment.

If, therefore, a country in its normal condition has more to sell, or export to other countries, than it has occasion to buy, or import, its condition of exchange may be said to be "favorable." If the contrary is its condition, it may be said to be "unfavorable;" which is as much as to say in a simpler way, that if a man spends more than he earns, his creditors will be cautious about enlarging their accounts with him; if he earns more than he spends, everybody will be glad to trust him for what he wants.

In conclusion, brokers speculate upon the knowledge which they possess and upon the rise and fall which results from favorable or unfavorable conditions, also upon their knowledge of demand and supply, and make their margins.

These are the grounds on which international trade rests.

We will now proceed to a discussion of that subject.

CHAPTER XXXIV

INTERNATIONAL TRADE

When the writer was a small boy he was very fond of two things,—chestnuts and barberry sauce. Now in the section where he was born, barberries growing profusely, there was always plenty to be had for the picking, and consequently a good supply was gathered each season to secure the coveted sauce through the winter months, but with chestnuts the case was different.

Not only were chestnut trees very rare so that these could not be gathered plentifully, but what were gathered were so precious from the scarcity that they were sold only at a high price.

There might as well have been no chestnuts so far as the writer was concerned, for he seldom procured any to satisfy his taste.

Later, however, he removed to a distant section, and here, chestnuts abounded so greatly that they could be readily gathered by the bushel, or even by the barrel or hogshead.

He now had the opportunity to gratify his desire, but alas! there were no barberries whatever, and people in that section scarcely knew what a barberry was,—certainly had not been sufficiently familiar with them to have learned what an

excellent sauce they would yield.

In the course of time, the writer, anticipating a visit to his former home, gathered a goodly quantity of chestnuts and on going back took them with him.

Everybody, of course, was delighted with the chestnuts, and while they were enjoying such a rare luxury the writer was as deeply enjoying his favorite barberry sauce.

When he returned, what was his joy to find himself in possession of a huge jar of sauce to take with him. Now he had both the sauce and the chestnuts, a condition of existence which it will be conceded ought to make any human being contented and happy.

This, in a very simple manner, illustrates the advantages and comforts to be derived from international trade in commodities which can be produced only in one of the countries.

But international trade consists of many commodities which both countries can produce, and this sort of trade is the outgrowth of competition in price of the commodity, arising from individual interests.

We have seen, under the subject "combination" already referred to more than once that the overproduction of an article causes the tradesman not only to crowd the market but to offer his goods at a lower price.

Through the inefficiency of knowledge

possessed,or at least exercised by capitalists,it is often the case that the surplus production in a commodity is so great that they at last vie with each other in seeking a market far away,the finality to which they have been driven being that their locality cannot or will not consume their product. This is one condition which may induce international trade, although a very unworthy one.

Another,and a worthier one,may be named which is the result of skill and talent, where they have produced a machinery that not only is a relief to labor,but also a cheapener of the cost of a product as has been explained under the subject, "Economy in utilities" heretofore.

As there shown,men are frequently in the wrong place to effect the best utility,and I make the point at this advanced stage of my discussion that industries, controlled by men in the wrong place,are frequently in the wrong place also.

If cotton,by reason of cheap labor,can be manufactured in the South of the United States,than at the North,then the competition in price is at the expense of human comfort;but if such a result is accomplished by the use of better labor-saving machinery,then the industry North is misplaced,at least until it has equal facilities through the superior class of machinery to do the work.

It should,therefore,either adopt the best machinery or relinquish its industry

to the locality having the superior facilities for production.

There is another condition by no means unworthy of consideration.

If the South, by reason of superior natural resources through which cost of carriage is saved, can produce cotton cloth and deliver it in London at a less price than can the North, this of itself is the strongest reason why that particular industry rightfully belongs to the South. It would be an advantage, but a natural one springing from the order of creation. So also in comparing the manufacture in other localities or abroad.

I have not space to give to any long discussion on the technical working of trade in different localities for purposes of comparison merely, but I will venture a brief comparison here.

From a carefully prepared analysis recently by the American Wool and Cotton Reporter, it is shown that the cost to the manufacturer of yarn at New Bedford, is about seven mills per pound, while in England the cost is nearly a half more, being about 10 2/3 mills per pound when changed to our currency. Now suppose the cost of carriage from New Bedford to London is 3 2/3 mills per pound, there is no advantage in sending goods to England if profits and demands are equal on either side, so there will be no international trade in yarn. But if, by reason of overproduction, New Bedford's domestic market becomes stagnant, or if, by reason of a short supply in

England, the market becomes unusually active, or again if the cost of carriage is low enough to allow a margin on the yarn when landed in London, then the New Bedford manufacturer will be likely to send his goods to England.

This, it will be seen, is not owing to any naturally advantageous conditions, but to that pernicious system which results from the ignorance of the manufacturer of the real wants of his domestic market, and the consequent depreciation in price owing to an over-supply. In the case cited, it would react upon the English operative, who had been robbed of his natural market for goods through the American manufacturer. Of course, if the case could be reversed it would operate the other way, upon the American operative, unless there were duties interposed which prevented the free entry of goods.

I have taken this as an example because wool is probably about as easily procurable in one country as the other, and therefore natural resources may be said to be equal. Were it otherwise, and wool was the particular product best suited to be cultivated at New Bedford or its vicinity, then there would be a reason why its manufacture should belong to that place as a matter of economy.

It is true, that if by reason of cheap labor in England the New Bedford manufacturer could see it is to his advantage to move his capital and plant across the sea, he might do that; but if he did, it would

be to the detriment of England's industry.

His only just way would be to so adjust the amount of his produce to the wants of the community that his market would be normal and healthy.

It will be seen by the foregoing that there are just and unjust motives which actuate exchange between two countries.

If a country has natural resources, it has the right, and the just right to manufacture the products from them, provided first, that it produces enough and only enough to supply the wants of society: second that it avails itself of the best facilities for producing them.

Unequal prices for labor should not be a factor, and indeed they are becoming less so as time goes on.

I have presented in small space what should constitute the grounds for international trade, but there are details which need further explanation.

If all the world could have a bulletin setting forth the whole wants of society for a given time, the productive force of the world could be efficiently and economically employed.

If one locality can naturally produce at a cheaper rate or cost any particular commodity, it does not matter what section of the globe it is, that is the place to produce it to the greatest good of humanity, because whatever is thus preserved from waste, or consumption, swells the amount of general wealth.

If one locality has no natural resources

and another has them it is to the advantage of both to join their interests by the one supplying the other its deficiencies. It is probable that the inferior country in natural resources will possess some counteracting advantages, either by its being an attractive center of trade, of social life, or other considerations which will concentrate enough wealth to pay for what its society wants.

But a country so inferior as this would be a rare case. The common case is that while one locality has good natural resources from which to produce some commodities, another has those which will produce different ones, the United States being an exception to most countries in that it has so great a variety and profusion of natural resources.

It is to this fact that so large immigration has been due, both labor and capital being attracted to our shores, and the results are shown in the great international trade this country enjoys at present,- every man counting in developing and every dollar in paying for it.

What this means in international trade is shown by the following statement taken from the Treasury Bureau of Statistics for the year 1898.

In that year the United States sold to foreign countries $1,354,925,169 while notwithstanding the extravagance of our people in matters of taste (food products being a minor item in our purchases from abroad) we bought only $633,664,634-a very

generous sum truly, yet less by the sum of $621,260,535 than what we sold,-almost one-half. What is the result?

While we sell, we are creating a debt abroad in our favor, and in the same time, we have received in gold in partial payment of the debt, a balance to the amount of $141,841,298 above the amounts sent abroad to pay for our own purchases, and there is still "more to flow" to our land as the fruits of United States productions.

The United States Treasury had a gold balance on April 1, 1899 to the amount of $245,413,703, and the country had in circulation at the same date in gold alone, $727,748,591-the two combined making $973,162,297.

What an enormous quantity of gold to have in possession as compared with any previous record in the United States.

Those who attempt to maintain specious arguments in favor of arbitrary legislation for silver as a standard measure of values, ignore or belittle the advantages of our international trade, and they do so either from ignorance of the true aspect of the subject, or a desire to evade them for the sake of individual interests.

I am aware that J. S. Mill, after showing very plainly the increased efficiency in the employment of the productive forces of the world which are the direct result of a foreign trade, goes on to state that the advantage consists in the imports.

I think this depends on whether such trade is competitive with that of the foreign country or whether it is to supply the wants to better advantage than they can be supplied by home manufacture by being served cheaper. According to his proposition "a country obtains things which it either could not have produced at all, or which it must have produced at a greater expense of capital and labor than the cost of the things which it exports to pay for them," etc.

Now while this is true of the country who obtains, it follows directly that the country who supplies gets the benefit of the industry, and indeed Mr. Mill grants this indirectly in the sentence quoted when he says the country can export goods in exchange to pay for those received, better than it can produce them.

It is therefore no vulgar theory that there is an advantage in a foreign trade which will allow of a larger export than import. It must operate precisely the same with the promoter of an industry when goods go into consumption abroad as when they go into consumption at home, in either case swelling the volume of his trade.

Only one consideration can operate against this for the general good, and this I will state.

If a country exports what is needed by its own people for the sake of ridding itself of forced surplus production when the export is not needed abroad, then it is a grave question if such export is an

advantage, But if there is anything vulgar about it the vulgarity consists of that ignorance which prompted the production of so great a surplus, needed neither at home or abroad.

I apprehend, from my understanding of the case, that the mercantile system, or theory which Mr. Mill here cites, was based upon such ignorance.

It is not money alone which constitutes wealth, but it certainly is industry that creates it, and if the industry exists on a healthy basis, a nation cannot have too large a volume of it for the general good of society.

Mr. Mill says, speaking of the exports of a country as a surplus, used advantageously in paying for imports, "If prevented from exporting this surplus, it would cease to produce it, and would no longer import anything, being unable to give an equivalent."

Is it not apparent that this is but one side of the case? Does it not fail to comprehend the fact that the export may not be a surplus, but rather a legitimate production, enlarged for the express purpose of meeting the want abroad?

Indeed I believe it is that in most of the exports of a country.

Mr. Mill's argument plainly is made for the encouragement of home production, and so far as this is economical, the principle involved is a good one; but since no country can produce at home all that its people need for consumption in our ad-

vanced age with its constantly multiplying desires, it would seem perfectly legitimate for somebody abroad to supply the want instead of forcing society to his alternative. "The only losers," he says, " (after the temporary inconvenience of the change), would be the consumers of the heretofore imported articles, who would be obliged either to do without them, consuming in lieu of them something which they did not like as well, or to pay a higher price for them than before." (Because they could not be produced so advantageously at home.)

Now while I hold the law of substitution in very great respect, I do not see its efficiency in withholding what a people want, and what they may be supplied with economically, simply because they must go across the border to obtain it.

If "exportation ceasing, importation to an equal value would cease also," as Mr. Mill states, it would seem to me that it would cease only because home producers desired the monopoly of industry, and unless the producers were clothed with arbitrary power, imports would not cease because exports had ceased, for the wants of society would prevent them from so doing.

If a country's wants for a foreign commodity were so far in excess of what it could advantageously produce within its own borders that it was impoverished in paying for them, then indeed would imports cease, the reason being that the foreign country would no longer trust them, but

while they could pay without impoverishment of resources, importation would continue for the satisfaction of a peoples' wants.

But from the foregoing it will appear that a people will not import except to satisfy a want, because, whether the exports are large or small, there is cost in import, while on the other hand, even by Mr. Mill's showing, they will, so far as they can, make their exports the condition on which they will import, which of itself again shows the advantage of export over import without any argument from me.

What he proceeds to call "indirect effects, which must be counted as benefits of a high order" are all conclusively in favor of export to its greatest legitimate extent. As it is directly in the line of my own argument, or conception, I will quote him again:-

"A country which produces for a larger market than its own, can introduce a more extended division of labor (meaning, I suppose, that it can diffuse over a broader area), can make greater use of machinery, and it is more likely to make inventions and improvements in the process of production. Whatever causes a greater quantity of anything to be produced in the same place, tends to the general increase of the productive powers of the world."

The above is the same as to say that the place to produce a thing is where the natural resources make it most economical to consumers, whether at home or abroad.

International trade acts also as a missionary, apart from its reciprocal money advantages, bringing nations and peoples in contact and aiding in their social amalgamation. If we advance our trade to the Phillipine Islands, whether we gain nationally in a money sense or whether we lose, which is at present a speculative subject and very hard to analyze economically, we carry our civilization there,-our methods,our language,and our customs, to a far broader extent than do the few missionaries whom we send there. The contact is with the individual and corporate business interests. It touches the most sensitive part of poor selfish humanity, the pocket, and if we have anything to teach for the well-being of an inferior people,this is a quick road to their attention and respect.

What development may flow from this important branch of missionary work in that section during the next century will depend on how we shape our course with that people,requiring for the best outcome not only the broadest statesmanship, but as a still more important adjunct,a grand philanthropy.

It is none too good a tribute to pay to Omnipotence to wish the best of enlightenment and civilization to all people on the globe. Whatever tends to such ends is not only worthy,but it is man's duty to his neighbor.

If war is the commencement, let amity follow through wise statesmanship and the

interests which will accompany trade, and through these avenues let security and peace come to a people sadly in need of these blessings.

"The growth of our exports to comparatively new fields during the past decade is illustrated by the following table which shows the exports from the United States to Africa in 10-year periods, beginning with 1868 and ending with 1898:" says the Boston Herald. "Exports from the United States to Africa: 1868, $3,015,690: 1878, $4,134,352; 1888, $3,133,335; 1898, $17,515,730."

Whether our colonial ambitions will be as much to our advantage independently of their expense is at present, a political question, full of perplexing possibilities on either side, which until the state of the Phillipines, of Porto Rica and of Cuba are better understood, as well as the minds of the people, would be out of place in this work.

CHAPTER XXXV

INTERNATIONAL COMMODITIES

That reciprocity of trade should be the rule internationally is essential, economically considered, because if a country imports wholly it is plain that its money will be exhausted after a season.

But there are other advantages to be derived from reciprocal trade between nations.

Those advantages must be considered according to the cost of production, the value at which the production is consequently held, and last and most important the effect which those have upon the consumer.

Some writers, to arrive at this cost, proceed to say that the cost of anything imported is determined by the cost of production of the thing which is exported to pay for it, and while this is true, it seems to unnecessarily complicate the problem.

While the exports of a country are measureable by the imports to a certain extent, they are not equally so, and to put one mass of commodities against another mass seems to me like going back to the primitive fashion of barter, when we have ready to hand so much better a method through a medium of exchange.

It is easier of comprehension to elucidate the problem of foreign trade and the value in commodities by a similar computationcas we make in other values, viz., by the standard measure of value which exists in either country. This in truth is what is done, since all balances of import over export and contrariwise are paid by the one country or the other in this standard measure of value.

I say, then, that the value of a commodity whether produced at home or abroad, is determined by its cost of production, which rule I think will simplify the matter.

If the commodity is produced in a foreign country, there enters into the cost more items than in home productions because it has cost to transport it, and perhaps a duty has been paid.

When America exports cotton to England it creates a debt in England of so many pounds, to the credit of America; when England exports cutlery to America it creates a debt in America to the credit of England.

They are each definite in amount, and although it may be said that the aggregate of all exports and imports are settled as against each other, it is far more correct to say that the individual transactionc are masses, as each commodity, whatever it is, settled for itself just the same as though it were distributed in the home country. Whatever profit there may be in it in either case does not offset itself against an equal profit at the other end, but it has its own grounds and settles

upon these grounds.

To say that the cost is what a similar value has cost in the foreign country is only to go further around than to say it has cost so much in the standard measure of value and since the article said to be exported in exchange has cost so much with its profits added, the only thing necessary to be considered is the small margin of profit which remains in the country instead of going abroad; but the same principle applying upon both sides, this equalizes itself so that any consideration ever of that seems superfluous.

The American who has produced cotton, when he wants a jack-knife or a razor imported from Sheffield, will not stop to estimate its cost in cotton, but in dollars or cents; and likewise the Englishman who buys a shirt made from American cotton will not compute its cost in jack-knives or razors, but will produce the shillings and pence. If, personally, he desires a quantity of cotton shirts, or cotton from which to make them, and knowing the producer in America, thinks there is a probability that he will take the jack-knives and the razors in exchange, and if such exchange or barter is to his advantage in cost, then it is conceivable that he might make the exchange. Otherwise, he will take the less trouble of paying for his jack-knives or razors and allow the "balance of trade" to go as it will.

The value, then, of a foreign commodity

depends on the rates of international exchange, with cost of carriage and other necessary charges incident to transportation.

I think this rule removes the complications so common in works on this subject.

If, then, a razor costs in Sheffield three shillings and one of equal quality in America costs one dollar to produce, and a cotton shirt costs in America forty cents and in England two shillings, the economy of production will prompt both countries to import that which costs the least to produce abroad and export that which costs more abroad. The tradesman will be the agent.

But these costs may fluctuate. Through some improvement in methods, the razor may at last be produced in America for a less cost than in Sheffield, or the shirt may be produced in England for a less cost than in America, so that in such case the exchanges would become the opposite; or there might arrive so close a competition in methods that the cost would be so uniform in both countries that there would no longer be any advantage in an exchange and each would be produced at home. Another variation might be, that either country did not fully supply the wants of society, in which case the value might rise so as to make export profitable from a foreign country.

The condition of international trade, therefore, depends upon the popular wants

in each country, or the consumers.

a. But as these popular wants are not closely ascertained, and as it would be an unheard-of phenomenon for them to exactly agree in value on the two sides, it is manifest that there must always be a balance in favor of either one side or the other.

b. The economy with which they can be produced will be the determining factor in settling which country will have the balance.

c. The only exception to these rules is when a commodity is exported in excess of the amount wanted by the country who receives.

In the case of this exception, no matter how economically it has been produced compared with its cost of production in that country to which it is sent, the usual advantage derived from supplying a want the most economically is lost, because when the wants of society are satisfied, society will buy no more, and the commodity becomes a drug upon the market.

This general exposition applies, I think, to all commodities indiscriminately: whether it be two countries trading together or more, or whether the commodity is only a single one in each country or more.

Any sort of "scientific investigation," so-called, which makes this subject more complex, I conceive to be far from scientific. True science consists in the utmost

simplicity consistent with the subject treated, and this I have attempted.

It is supposable, and probable, that every country having a commercial people will produce something which the rest of the world wants, and get a suitable reward for such productions so as to enable her to buy whatever she wants from abroad: If the country from which she buys does not need her commodities, some other country doubtless does, and will buy them, thus enabling her to liquidate her debt in that country which she owes, and this establishes an equation in her finances between her debt and credit. She either buys from a country and sells to it in exchange,- or she buys from one country and sells to another, which serves the same purpose.

International trade in commodities, then, including gold and silver, is a vast reciprocal system of trade, either circuitously or direct, and is dependent just the same as domestic trade upon the common factors of demand and supply, coupled with another circumstance or condition which I will name.

If, added to the natural resources of a country, its inventive genius is greater than another so that it constantly excels in methods, international trade, however well it may have been established, will feel the effects of this active factor in or through an importation of commodities it has previously furnished itself, at a lower value than they have cost, and this

will so affect industry that the country multiplying inventions will get an increased trade.

This phase of international trade does not so strictly depend upon the ordinary demand and supply, but upon those demands consequent to developments from talent and skill, the balance being in favor of that country which possesses and develops the most.

It may not be amiss before concluding the subject under discussion to attempt a closer analysis of what still seems to be an unsettled matter, first, whether an excess of imports is always undeniably a drainage upon the gold resources of a country, and second, whether when the balance of trade is unfavorable industry lags from the effects.

Take, for example, the trade of Great Britain during the year 1898, according to late trade returns from that country.

As compared with the United States, the population of that country is but a little more than one-half, yet in the year she imported in merchandise almost three and one-half times as much in value, -or taking into consideration the difference in population very nearly ten times as much to the individual as did the United States during the same period.

She exported more, also, in merchandise, the excess being about one-seventh, which, proportioned to the population, would be about twice as much to the individual as compared with the United States, and the

net difference in the balances of trade, including export and import of gold and silver was over a billion and a half dollars, or to be exact, $1,500,820,633 in favor of the United States, that of Great Britain being against her by reason of an excess of imports by $854,792,720 while that of the United States was in her favor by reason of exports by $646,027,915.

To try to answer the first proposed querry, Great Britain received imports of gold amounting to $34,705,006 above her exports of that metal while the United States imported in excess of exports in gold, only $141,841,398 in spite of her extremely favorable balance of trade.

This would seem to indicate that the amount of gold, which a country will be able to import does not strictly depend upon its amount of exports in merchandise, and drives us to the conclusion that it depends as often, -certainly in the case of Great Britain, -upon a country's resources outside of merchantable exports, as for intstance, its investments of accumalated capital from which it derives an income.

Regarding the industries of Great Britain during the year, they are reported to have been unusually prosperous and lucrative. From this it appears in answer to our second proposed querry, that with the balance of trade unfavorable, the prosperity of industries may continue.

The inevitable deduction from all these premises, then, appears to be that a country as well established through a long reign

of prosperity as is Great Britain, with constantly augmented accumulations of wealth, may after a time ignore and stamp as "vulgar doctrine" a favorable balance of trade when claimed to be necessary to the progress and prosperity of industry or conducive to them, because a country which has arrived at so independent a stage will have a money income which is ample enough to pay for whatever amount of imports she chooses to buy, whether she sells largely in exportable goods or not.

Even, then, if it is regarded as vulgar doctrine, the United States is not yet rich enough to live on the interest of her accumulations, and hence she must still depend upon exertion and effort.

While this is the condition of a country, it is my opinion that a balance of foreign trade which is favorable is immensely to the advantage of her industries, and indeed necessary in a country with as many resources still undeveloped as is the United States, with her open doors to immigration, in order that she may still be progressive.

Even in the case of Great Britain as cited, although apparently she could well afford her large excess of imports, it is, I think, undeniable that had they been smaller, her wealth would have been greater at the end of the year.

It is probably due to the gain otherwise than through export trade that England can continue prosperous under so tremendous a load of imports.

No statement is available of the amounts

received by England in interest and dividends, but she is called, and rightfully, too, no doubt, the creditor nation of the world.

It was computed by Mr. Gladstone, I think, that the British had investments abroad to the amount of $10,000,000,000 in our currency.

A country which can loan such an enormous amount abroad shows herself to have sufficient resources to maintain home industries and spend large amounts for imports without embarrassment.

In the case of France, also, between the exhibits of the two countries for 1898, we find a difference in our favor of $789,754,939, the United States having excess of exports while France had an excess of imports.

The latter is also a wealthy nation, with internal developments so complete that it requires and absorbs no new capital, which again explains the secret of her ability to buy whatever she wants abroad, regardless of the amount she sells, and the same is true of other rich trading countries which incur a balance of imports above exports.

The United States has thus far developed but twenty per cent of its natural resources, and while this is true, it is easy to see that capital can be advantageously employed. It will be many years before America can afford to make foreign loans, because while these home developments are crying out for capital, they will pay

higher rates of interest than can be realized from any other source, whether in agriculture, in mining, in trade, or in transportation, besides the vast industries which are still expanding and multiplying each year under the impetus, not only of business prosperity of a domestic sort, but also by reason of the growing demand in other countries for American products of manifold nature.

It is a fact, not to lament, but to rejoice over, that the field is too broad to be quickly occupied like England or France, or indeed any very long established country, for in this fact, together with that other potent fact,—the existence of so much of inventive talent and skill, lies the promise for the coming generations in America.

CHAPTER XXXVI

INFLUENCE OF CURRENCY ON FOREIGN TRADE

In my article on money I explained the influence of currency on trade, the summing up of which was, in effect, that the abnormal increase or decrease of the volume in circulation in more or less sufficient quantity to make it equable with the wants of industry causes either a rise or fall in the prices of commodities, and hence affects the whole of society, rich and poor.

The conclusion was drawn from this that the government mintage was the regulator, or ought to be, of any unstable condition.

In my next chapter I explained why gold was superior to silver for mintage, and under the head of "Comparative Measures of Value" I showed why gold and silver could not be amalgamated so as to serve in exact ratio to the best interests of society.

I proceeded to show, under the heading "Credit" how paper exchanges could be made to serve beneficially as auxiliaries as a circulating medium, and were also valuable agents in increasing or diminishing the current supply.

Closely following this, I showed the influence of expansive credit, or the intro-

duction of paper exchanges on general prices, and from the conclusions there arrived at, in the subsequent chapter it appeared that whatever auxiliaries exist they should rest on a basis of value, measurable by gold and silver, not upon any independent basis of their own.

I proved this in my chapter on "Arbitrary Value in Commodities" following, and proceeded to show in subsequent chapters that if this rule was departed from it would cause unnecessary fluctuations in values, both in general commodities and in silver, gold remaining the same without any fluctuation measurable.

But when we came to study the economy for the management of inland and foreign trade, we found out the desirability of having these auxiliaries in existence to accomodate that trade, and also, by reason of the efficiency of such auxiliaries, how great the volume of trade had become in the United States as shown by statistics in 1898-9.

Now while by the figures there shown it appears that the United States, like other countries, has an enormous amount of gold in possession, even this, if it was all the means available for purposes of foreign trade, would be entirely inadequate to sustain the equation, apart from the multitudinous wants at home. But by a certain amount of it kept in pledge by the government called a "reserve" the treasury becomes a reservoir to receive and to distribute with foreign countries, domestic

banks and bankers, etc., just the same as a bank holds itself in readiness to pay from its "reserve" on demand, or adds to it to raise its sum to the required standard considered necessary to meet any lawful demand.

Acting upon the security which the reserve gives, a bank transacts its business with individuals, circulating its bills, discounting paper, and otherwise trading.

Upon this same security the government acts, issuing its paper for many purposes of circulation, but in each and every case within such bounds that it is able to rest upon its reserve for any ordinary call.

This is the normal state.

Thus on the first of April, 1899, notwithstanding the whole amount of gold in the government treasury and in circulation was but $973,162,397, the total money, embracing greenbacks, treasury notes, silver certificates, national bank notes, silver and minor coins added to the amount of gold gave to the country $2,203,388,284 as the volume of circulation, considerably more than twice the amount possessed in gold, all of it except gold being domestic money, and gold being denominated "world money."

Were the domestic money largely in excess of its present volume it would still be perfectly secured by the present sum of gold, all being easily redeemable as the people demand.

There has been an increase in the circulation since July 1, 1896 of more than

$350,000,000, and of this the increase in gold, apart from any other currency, exceeds $200,000,000.

Had such an increase been sudden, prices of all commodities would have risen.

Likewise were there not an increase in the demands of industry for money to use, the result would have been the same, and the effects of this upon foreign trade would have been somewhat as follows:-

Society having a large surplus of money for which there was no demand in the industries, it would have become lavish in expenditures and inclusively, of course, expenditures for foreign commodities.

This would have made our imports larger than usual.

On the industries, the effect would have been to raise the prices of commodities, which would curtail the foreign demand, and while our imports were larger, our exports would be smaller. While this was going on at home, each country from whom we imported would be effected exactly oppositely. From our demands its exports would be larger, and because of our high prices, its imports from us would be smaller.

This would seem to be paradoxical, but it is true, if there were to be a great excess of money over the needs, and it was in general circulation instead of being reserved and husbanded by the government.

Such a state would have an unfavorable tendency, as not only should we be continually parting with our money, but that which we bought would be going into con-

sumption while our industries were lagging. Such, however, was not the conditions.

Instead of our circulation having had such an effect, we find that while it has increased our exports have increased also, while our imports have decreased. Let me explain this phenomenon.

First, the increase of circulation has been only in fair proportion to the increase in productive industries, and second, our productive industries obtained their stimulus, or a large part of it, from the normal call from foreigners.

This foreign demand, and the increased amount of product which it has called forth, has made the circulation only a normal one, and the prosperous condition of trade has caused it to be absorbed as fast as it has increased.

It seems, then, that a currency may be expanded to advantage so long as it can be absorbed in industries.

Thus the proper regulation of the currency of which I shall treat presently can be accomplished by measuring it with the whole amount of industry, or rather what currency is necessary to pay industry its reward, which I suppose I must say, includes profits.

When, therefore, a currency is expanded only sufficiently to give normal industry its remuneration, it neither raises nor lowers the price of commodities, and hence foreign trade will not be effected either way

When it is expanded beyond the normal

requirements of industry, its effect will be to raise prices and encourage extravagant expenditures, and as a result, limit exports and increase imports.

Accordingly, whatever amount of currency can be kept in circulation in active trade will be the normal amount, whether large or small.

That proportion of substitutes for gold, such as alloys or paper, can be regulated by the power of the government and the individual or corporation to redeem, and so far as they fill a want, -gold being in reserve in sufficient quantity to redeem what is demanded of it, -they are actually beneficial as economical factors.

In the case of paper, it costs nothing except its impress worthy of mention, and so long as it is actually needed in the interests of industry, and is redeemable in real value, its presence is grateful.

If a country keeps itself supplied with a sufficient quantity of precious metal to answer all foreign calls, either by treaty or trade, whether the call be sudden or anticipated, whatever proportion of its home industries are supported by some form of credit in bank bills or greenbacks will effect no injury to its interests abroad, so long as the credit is not "inflated" beyond the requirements of industry in its normal or healthy state.

It will be understood that coin or bullion exists as a "reserve" not only in the government treasury but also in the bank vault and in circulation.

The usual and almost invariable avenues of all trade is through the banks, and these can call, either on the circulation by natural course or on the government treasury through prescribed method, to replenish their supply and meet the call, either at home or abroad.

Without the "reserve," however, it would probably be impossible in the present age for any country to maintain a foreign trade, and therefore a country not having gold or silver would find it hard to obtain foreign products. As such a condition appears, the use of whatever money is in vogue will become impaired until, as it expands in volume so as to cover the produce it yearns to possess, it will take a fabulous amount, as in the case of France with her "assignats," to pay for a cup of coffee.

As long as a country has any gold with which to pay, it can buy, but if the paper money is in great excess, the premium upon gold will be so great that it can buy only at a high cost, the exchange being effected to whatever extent gold sells in comparison with its base substitute.

Thus it will be seen that the effects of credit, in like manner, in foreign as in domestic trade, are according to whether the credit, whatever it may be, is supported by value, or whether it rests only upon its own basis, and the principle applies equally to money and to commodities.

Extensive credit has for its companions high prices, light exports, and heavy im-

ports, the latter being the result of the credit stretched across the sea.

When the wave of debt rolls back to be paid, it is not satisfied with a paper currency, but demands gold. This becoming harder to obtain, paper not being able to take its place, credit expands only to a certain degree before it slackens abroad, and a country is hemmed into a compass in which she must depend upon herself for a supply of her wants, whatever they may be.

Foreign trade, then, will not thrive under a depreciated currency, whether it be paper or whether it be silver.

Its stimulus must be gold, for although the result of the stoppage of foreign trade might not be panic, it would be to the loss of many a thing which goes to make up the comfort of society.

It would be inconvenient for the people of the United States to go without tea, coffee, and sugar, not to mention a thousand other things which go to make up the necessities of Americans, essential to the health and well-being of the humblest worker.

CHAPTER XXXVII

INTEREST AND ITS RATES

I dislike to discuss the subject of interest, because it is one which in many cases ought not to exist, and its discussion is likely to arouse antagonisms and prejudices; yet if every abuse were allowed a quiet and comfortable existence, true progress would be stayed thereby. It becomes my duty, then, by reason of the abuse which often falls on society through its existence, to explain its nature, and I shall undertake the task.

Commercially, the term interest is the consideration agreed to be paid for the use of money. Now if no more was ever paid for such use than could be made by it, and if industry was always best promoted by confining borrowing to the exact limit of money advantage which would accrue from its use, I would confine my discussion to the commercial interpretation without scruple and follow in the tracks of other authors; but from the nature of interest, this is not true.

Interest is the profit which capital makes upon itself, without effort on the part of the owner more than to see that he has security for the loan. Instead of the risk of capital being reciprocal between borrower and lender, it rests solely

upon him who borrows, and indeed in most cases the larger the risk the greater will be the burden of interest. Thus the tax imposed upon talent and skill, the best and noblest impulse which the world gains from its constituents, becomes the heaviest tax which society imposes, the lender always exacting a higher premium where talent and skill, the one or the other, is the security.

It is an axiom long established that wherever there is risk in a loan, the lender must have larger compensation.

In the first place, the capitalist is at an advantage over the borrower in possessing the means; in the next, in the usual profit to be made from it; in still another way, in charging for whatever trouble he may have in negotiating the loan, which he calls his personal service, and lastly, in the extra remuneration he will obtain while his capital is manipulated by another without any effort of his own.

Such a system could only be based on a surplus on the one hand and a want of it on the other. It is a case of demand and supply, the same as any other article of exchange, but a case in which he who has the supply always has the advantage, since if he refuses to supply, he still suffers nothing but a loss of profit which he does not need, while he who demands may suffer from actual want. His remedy, if he has any, is in extortion which will cause him to suffer more than before.

If capital was truly, as most writers

assert, a surplus derived from the virtuous abstinence of its owners, there would be ground for just remuneration for its use; but, as I have often said before, this is not true in a general sense. It is not usually the surplus derived from the virtuous abstinence of its owners, but from that of the borrower, and derived from him because the capitalist first had the advantage of possession, and therefore the ability to bargain with the borrower for his labor. I have explained the beginning of this condition and therefore need not repeat. If society ever arrives at the truth of the matter, it will be found that the capitalist is responsible to industry for the disposition of all that he holds in ownership, his only right being that of distribution because industry furnished it to his hand without even as hard exertion on his part as it suffered itself in the transfer.

If every laborer could realize how much easier it is to accumulate for himself than it is to accumulate for another; nay, how much easier to accumulate than to endure without, -taking advantage of each opportunity for saving, making his abstinences cover the field of all his indulgences in matters of taste for a season, -extra living above real necessities, extra clothing above necessities, perhaps tobacco, or worse than that, liquors, -the condition of society would average up rapidly, large capitalists disappearing and small ones accumulating until there would be no need

to borrow, every one possessing enough of his own; but since this is not the present mind of society, capital is concentrated and its possession seems to constitute its owner, in his own mind at least, a sort of guardian to the poor, not an unselfish one, but one who is constantly looking for opportunities for greater advantage.

Thus he advances toward a period of rest, not because he has earned it more than his poor neighbor, but because opportunity has yielded it to him.

As I shall discuss this later, I will not pursue it further here, but it was deemed necessary to make what discrimination I have before discussing the questions determining in their solution the usual rates of interest.

Having done this, what I have to say upon interest will be based upon that interest which is paid on money used in regular commerce and trade.

In this connection, if a man is solvent, he will pay for the use of money just what he can make on it, less his own reward for diligent and well directed use. If by its use he can derive a larger profit or remuneration for his services than he could without it he will pay this maximum price if necessary.

If money is in abundance he can procure it lower; if it is scarce, he will be compelled to pay more or go without.

There is seldom an equation between supply and demand, however, because the possessor of money can better afford to

lie in wait for opportunity than the borrower; hence there are frequent fluctuations in rates. The borrower, it is true, seldom controls the fluctuations, but the lender, that being his occupation, whether an individual or a banker, is always on the alert, with his thumb on the pulse of demand.

If industries should adopt a system of espionage as perfect as exists in money lending they would never become stagnant through overproduction. They might all be in normal condition, and it is only in such a state that a true equation could exist between them and money lenders. With such a condition existing, it might easily happen that an industry found a new outlet for its products and this furnished the opportunity for extra capital. Here is a legitimate channel for the money lender, and just so far in any degree as borrowing and loaning is based on such a condition, extra capital which exists is worthy of reward, because taking advantage of no want unduly, it can make itself useful and beneficial to industry without taxing it more than it ought to bear.

There are other demands, such as government needs, etc., but except in emergencies, the one stated is the only one worthy of introduction, as if a government is so unfortunate as to be driven to the necessity of borrowing to meet expenditures, capital has no normal right to burden it, and industries with extra taxation for its use.

In the case cited, it would not be the necessity of industry which prompted it to borrow, but its hope of gain. Here, the incentives are equal on the sides of borrower and lender, as if the rate demanded as interest is considered too high, industry has still its usual channels and need not expand. Thus the two,-money and industry,-approach each other for mutual benefit. If the amount of money ready for loan exceeds the demand, the security being good, the lenders will compete with each other and loan at lower rates, and if they still have capital unemployed, will be likely to seek investments and take the risks of industry themselves.

This, however, is rarely the case, as there are always avenues outside of trade or commerce where money lenders can find customers that crave capital that it seldom goes begging. It will go into government bonds, into railroads and even foreign enterprise rather than subordinate its rates to trade, so that there usually exists about such a quantity of available money which the producer can obtain, and the rate will usually be determined by the largest limit which the borrower can afford to pay.

This would seem to furnish a gauge for rates in a normal condition of trade and industry, but these being seldom normal, the item of credit enters. It is the demand for credit that causes high rates for money.

When this call comes, it operates in a

very singular manner upon money lenders.

As the rates of interest rise, they, seeing the opportunity for extra gain, not only exhaust their own resources, but extend them still further by borrowing themselves.

When a bank of deposit receives money from its customers for purposes of draft at the convenience of the individual, it does so with the understanding that an average amount of money will be kept on deposit by its whole body of depositors together. It is largely from the use of this that the bank is enabled to do its business and make a gain for its stockholders, being in effect the borrower of money from its customers for which it pays no interest usually, but quite a proportion of this it can loan for interest, -its reserve being the security which it affords for repayment on call of the customer, who is virtually the lender. The customer is supposed, of course, to get his equivalent in the convenience which the bank affords for making his exchanges and purchases, by checks, etc.

Collectively, the bank is composed of the stockholders who primarily contributed capital for its establishment, people in easy circumstances who have no immediate use for funds, but desire them on call, and the great trade and commercial class of producers and dealers who are constantly receiving and disbursing funds. The last class are by far the largest proportion of the borrowers.

It is these classes, then, who keep what may be called the active capital moving, and it is here, therefore, that fluctuation occurs in rates.

If industries are normal, the rates will not materially vary, but since they are so seldom in that state, the rates vary continually.

The reason why industries are seldom normal is that they speculate. The promise of the future is what tempts them, not the reality of today. The fostering of the trusts was the recent cause of distrust of industrial securities in New York.

It was said on the one hand, that this country seemed destined to be the producer and controller of iron and steel for the world, because we are now selling rails and bridges in England, and this stand was taken on the ground as well, that our natural advantages, in connection with our business genius would guarantee us the control.

But on the other hand it is asked, who is promoting industrials in combination?

Shrewd bankers, brokers or lawyers whose object is large margins in commissions or by the manipulation of stocks and stimulating speculative tendencies certainly are not sure guarantees of a permanent condition in the industries. If the combination consisted of individual industries, prudently conducted upon legitimate business principles, there would doubtless be a capitalization upon real values existing in the several plants, but when such

is doubled or trebled, and the stocks are offered as security for loans, or for sale, the public, from being suspicious, become alarmed to such an extent that they will withdraw from the enterprise, for it is, or ought to be patent to any one, that no industrial plant, however favored by foreign orders, can earn a margin upon a capitalization double its actual value, instituted by men really outside its interests, whose expectation of gain is founded upon the manipulation of stocks. It is such things as this which cause a shock to the real interests of industries, causing suspicion in the public mind and impairing the deserved credit to such an extent that the whole economy of industry is disturbed.

For it is with credit as with the weather,—when the promise for tomorrow is bright, commercially speaking, not only is money eagerly sought, but it willingly responds. When the sky clouds toward the evening and tomorrow promises a storm or a tempest, money is eagerly sought, but reluctantly responds.

In the first case, the banks not only loan the usual amounts, but themselves expand their resources so as to loan more. Money commands a low rate because, all loans seeming secure for the time, all banks are anxious to reap what they can from the tide of general prosperity, and loan freely.

In the latter case, through lack of confidence in the tomorrow, banks not only loan reluctantly because they themselves

find it hard to borrow, but also because they distrust the ability of the borrower to pay.

In the case of the banks of New York lately, their refusal may have had a double edge; it might have been partly for the reasons already given, and partly a virtuous business stand against trust speculations, and if the latter, deserves the commendation of the public.

But apart from these reasons for refusing to loan, banks have a class who are dependent upon them who, by reason of being regular depositors impose on the bank a moral liability which they have no right to ignore, for these individuals who contribute to the usual means by which a bank makes its gains, ought first to be considered in any time of money stringency.

But banks are not alone in curtailing credits, as I shall show.

Industries, from having been carried too far in the enthusiasm of prosperity, have overworked, and they awake to find themselves in a complicated network of debt and credit, the true value of which is uncertain, being dependent upon tomorrow, which looks gloomy. They therefore distrust each other. Where there has been free interchange of trust, they now mutually draw in their credits, and decline to grant new ones. Industry becomes dull, money does not flow so readily and consequently the deposits in bank dwindle, while many who have kept deposits lying idle withdraw them altogether, and every-

body shuns a promise to pay, whatever its form. The Banks at such a time do no more than individuals. They seek self-preservation and refuse loans unless bolstered by the most undoubted security.

Here is the state which raises the rates of interest, and at a time when society can least afford it. It is like buying medicine from the druggist, which usually happens when the family is ill and can least afford to pay.

There may be other causes for high rates of interest. The government may have occasion to ask a loan, and so long as it is a borrower it will create a tendency to high rates from having diverted money from its usual channels; but this will largely depend on whether the money is furnished by banks and money syndicates, or whether from individual savers who take advantage of the condition and invest idle and hoarded funds because they deem it safe.

There have been times when railroad projects would absorb so much of the currency that the movement produced an effect on rates of interest, but at present, from the large volume in circulation, and because the larger railroad enterprises are completed, this need not be considered in this place.

Now none of these diversions necessarily lessen the grand volume of money in circulation unless the enterprise is a foreign one, but in the diversion to new enterprise, it does frequently leave the

old one for a time and create a disturbance which causes the rates of interest to rise.

Money will go where it is most wanted, provided the security is good, because they who want it the most will pay the highest.

It is not the whole amount of money in circulation which effects the rates of interest, but the competition of one locality or enterprise with another for the floating excess above the normal demand.

Money will buy money only at such rate as the locality and its supply will warrant, however prices of commodities may be affected by the whole bulk of circulation.

If the rate of interest is lower while money is plenty, it is because it is generally more evenly distributed; but any temporary scarcity of funds will increase the rate for the time, until the local stringency is removed.

This stringency when it occurs, is too liable to be caused by banks, speculating upon an unusual demand for loans, using the deposits excessively to accomodate their customers, who are themselves speculating upon a future market, or it may be upon extra imports and exports, or a mining or railroad scheme, where the returns, if any, are slow, and absorbing as they do a portion of the regular circulation of currency lessen the bulk in whatever amount they take place.

It will be apparent to the intelligent

student that the conditions stated might exist to an equal degree either under a strictly metallic currency or such an one with auxiliary paper properly protected by it, as in either case it is the whole volume of currency and not a separate portion of it which effects the results.

A bank confining its issue of bank-notes to its proper volume according to its reserve may not be said to be speculating. It is only when it exceeds this limit, trading itself upon an expanded credit for the purpose of satisfying the call of a speculating borrower that any money stringency should be laid at the bank's door.

Thus, generally speaking upon the subject of interest, applied to trade and commercial transactions, it may be said that its rates depend upon the amount of speculation with which these indulge themselves, and they must pay the price.

Capital will not be diverted from its usual channels in trade and commerce unless they are so foolish as to create a high rate of interest by speculating on "futures" and thus absorbing it.

Then capital will grow shy, and seek safer investment.

From all the foregoing it appears that industry to be prosperous, must be able to depend on low rates of interest, and to do this must regulate itself in harmony with legitimate demands of society, -not allow combinations outside its own ranks, and not speculate upon uncertain future wants,

CHAPTER XXXVIII

NATIONAL CURRENCY REGULATIONS

The subject which has engaged our attion and the national currency are so intimately connected that they might almost be treated together, the currency being almost universally issued through banks to the people, and banks relying upon a system of interest for their existence.

In the absence of strong restrictive forces, therefore, confining banks as close as possible to transactions within their proper resources, a larger expansion of credits is possible than most people are aware.

The public confidence is usually fixed, strange to say, not upon the value a country possesses in its store of productions, but in the banks, which in reality are only the issuers of a representative of those values in the hotel they possess.

Formerly banks were organized in the United States with very meagre legislative restrictions, after what may be called the failure of the government to establish a secure national banking system, first through "The Bank of North America" which during the period of its first existence was subject to many vicissitudes. Bank notes being inadequate to supply the demands of society, it extended its issues

far beyond its capital, which on becoming known caused suspicion as to its soundness. As is the case always, when its solvency was doubted, enormous demands were made upon it to redeem its notes, and in turn, of course, the bank was obliged to call in its loans, creating a general stringency of money in circulation, and precipitating failures at an alarming rate among the borrowers, the trouble augmenting rapidly from the usurious rates of interest to which the new money conditions gave rise. The charter was revoked in 1785, but was again granted in 1787 and actually has continued its existence to the present, being now one of the national banks, with a capital of $1,000,000 and an equal amount of surplus, but after the charter was revoked it was conducted by private enterprise.

In 1791 the first "Bank of the United States" came into existence, but continued only for a period of twenty years, making a loss to stockholders of about fifteen percent, which included loss in interest.

In the meantime, private banking institutions had obtained a hold on the public confidence; but as late as 1807 there was no knowledge obtainable as to the security which those banks afforded, and public waned, not without cause, for the banks, especially in New England, which was then the most energetic in pushing industrial interests, crowded and expanded their credit by issuing their notes to such an extent that before 1810 they were most of

them forced out of existence.

In 1811 there was tabulated for the first time what purported to be the amount of specie in the banks still existing. which is always the only quick medium for the redemption of notes. This was said to be about $15,000,000 and the circulating currency against it about twice that sum,- a very normal and healthy proportion

But the country had been, and still was, under an embargo as to exports, being in complications with England which culminated in the war of 1812. Whatever goods were imported into the United States called for payment in specie and the country, under the mistaken policy of Jefferson which created the embargo action, received nothing in specie to counterbalance this drain. The result could have been foreseen, specie becoming more and more scarce, until in 1814 all the banks in the United States had been obliged to suspend specie payments entirely with the exception of the New England States, very many here being also seriously affected.

This led to so serious consideration that in 1816 another United States Bank was established, which flourished more extensively than any of its predecessors.

It was not only the repository of the government funds, but it also served economically and efficiently the wants of trade and commerce through branches established in all the States, rendering its services at low rates, and only ceased to

exist through a misapprehension of its merits as an institution for the public good. Its charter expired in 1836, and owing to the opposition of President Jackson could not be renewed by the congress, and thus it went out of existence. This gave opportunity again for the system of independent banks, pernicious because so irresponsible, and these, taking advantage of the situation, expanded individual credits until in the multiplicity of commercial adventures and bank establishments credits could not be measured in either or any of them.

Again the expansion of credit brought on a great calamity in 1837 in the general suspension of the banks and the consequent loss of credit to individuals.

Then came an attempt to stem the tide of adversity by a resumption of specie payments by what banks remained solvent, but it did not succeed, and in 1840 the rout was completed, nearly two hundred banks being ruined to the damage of a multitude of people, both stockholders and those who happened to have the bank-notes in possession. It was an uprooting and a destruction of means among the members of society both rich and poor.

After so great a catastrophe, reaching in its effects to the humblest worker, not only by making worthless what little means were in possession, but also by the crippling of industries incident to the withdrawals of credit, it became manifest that better methods were necessary in banking

systems for the well-being of society, and the free manipulation of banks was restricted by measures calculated to prevent future disasters, and with more or less success; but it was not yet ascertained that the only guarantee of a safe circulating medium which can prove its right to existence by being ever ready to pay its obligations is that furnished by a constant reserve of the precious metals, and the securities deemed sufficient consisted of stocks, mortgages, etc.

Now while there was no doubt that these furnished security, it is of course apparent that in the case of a sudden call for specie this kind of security could not be quickly converted, and hence when most urgently wanted could not be available, time, and often a long time being required to convert them, as was most pertinently put forth by the Sub-Secretary of the Treasury at the time. He says:-

"The very causes which prevent the banks from redeeming their issues promptly cause a fall in the value of the stocks and mortgages on the "ultimate security" of which their notes have been issued. The 'ultimate security' may avail something to the broker who buys them at a discount, and can hold them for months or years; but the laboring man who has notes of these 'State security banks' in his possession finds, when they stop payment, that the 'ultimate security' for their redemption does not prevent his losing twenty-five cents, fifty cents, or even seventy-five

cents in the dollar. In a circulating medium we want something more than 'ultimate security.' We want "immediate" security; we want security that is good today and will be good tomorrow, and the next day, and forever thereafter. This security is found in gold and silver, and in these only."

His warning was not immediately heeded. Many living at the present time (1899) remember the panic of "57," precipitating a stoppage of payments from Maine to California and the gulf. Credits had been expanding for a series of years, until on the 24th of August in '57, owing to the stoppage of payments by the Ohio Life and Trust Company, doing business in New York City, several banks followed, and there was a run upon the banks by depositors.

The banks strove to meet it by reducing their loans of course, but this could not but react upon trade and commerce, occasioning failure upon failure and suspension upon suspension until in less than three months not only had the depositors withdrawn nearly one-half of their whole deposits, but many of them had been forced out of business, while the remainder joined the ranks with the Ohio Life and Trust by stopping payment, and this was a general condition throughout the country with banks, with private, and with corporate enterprise of whatever nature, carrying its direful effects to the workshop, the fireside, and the most minute avenue of society and causing want and deprivation such as our people have never seen since.

After all these experiences, repeated in more or less degree with each attempt to establish the banking system upon other than a specie basis, the government, in 1864, succeeded in formulating a banking law which was passed as "The National Bank Act" June 3d, which with its several amendments has proven a better system than any preceeding one, and we may say, I think, without fear of contradiction, as good as any country can boast of. By this act, the United States Treasury has a separate bureau for the issue and regulation of currency, subject to legislation by the congress.

There is the Comptroller of the Currency acting under the Secretary of the Treasury, under whose jurisdiction national banks are formed in the following manner:-

Any number of persons not less than five may certify their organization, name, and locality, and the amount subscribed for stock, the number of shares, names and places of residence of stockholders and how much each subscribes, the Comptroller seeing that they conform to these requirements:-

Capital shall not be less than $50,000 and in localities where there are more than 50,000 population shall not be less than 200,000.

Directors shall not be less than five in number, all citizens of the United States, and each owning, at least ten shares of stock the par-value of which shall be $100. each, and every shareholder shall be

held responsible for all obligations incurred by the organization, of whatever nature, in an additional sum of $100. each share.

The security of the banks must rest on United States Bonds primarily to the amount of $30,000 certified to the Comptroller as actually paid in, and before the bank commences business this must be increased to fifty per cent of the capital stock, the balance to be paid in instalments of not less than one-fifth each month until the capital stock is fully paid.

The Comptroller issues to the bank of $50,000 to $500,000 capital, ninety per cent of the amount of bonds deposited by it, in notes for its circulation; between this and $1,000,000, eighty per cent; between this latter and $3,000,000, seventy-five per cent, and above that, only sixty per cent.

Rates of interest are left in accordance with the different State laws in which banks are located, and those in the large centers are required to hold at all times not less than twenty-five per cent in specie of the amount of deposits they hold for customers.

The national bank pays government taxes of one per cent on its circulation.

Thus a prosperous national bank pays one per cent annually to government, on an amount probably more than equal to its capital stock.

In addition to this, it pays the custom-

ary local tax upon all its stock and surplus, the same as any other property.

Thus it will be seen that under the wise supervision of the Comptroller of the Currency, or his deputies, the national bank is held under restrictions which make it almost impossible for it to speculate.

The national bank laws requiring strictly that the capital stock shall actually be paid in, and providing that no portion of its capital shall be withdrawn, either to pay dividends not earned or by any other diversion of its funds, and that no dividends shall be declared except from actual earnings, it follows that national banks are generally solvent unless they criminally expand their credit, or through the embezzlement of funds make losses, which cases have been very rare.

By the rigid system thus described there is actually a proportion of capital and its surplus exists of considerably more than fifty per cent of all liabilities, and this is further guaranteed by the liability of each shareholder for an added amount equal to the whole ownership of stock.

The security, therefore, of a national bank-note is nearly three times as strong as in England and its dependencies, which carry, by reliable showings, only about twenty-three per cent of capital and surplus as related to liabilities.

Each bank-bill is not only redeemable at par at the bank of issue, but being re-

deemable at par at the Treasury of the United States, it is so redeemable by custom at any bank in the country.

It will never be said, therefore, of the national bank-notes, that the broker can take advantage of the necessities of the poor man and buy his bank-notes at a discount nearly equal to its face value because the redemption is subject to delay.

It is always and must always be instantly redeemable while the present system lasts, and no exigency short of the disruption of the government can alter its value so long as the Comptroller of the Currency and his subordinates perform their duties.

Trade and commerce may expand their credits from time to time for the sake of speculating in "futures" but they will be unable to shatter the bank system or effect individual banks except through dishonesty of the bank officials, and this last is pretty effectually guarded by laws under the vigilance of the Comptroller.

The amount of the circulation was first fixed at $300,000,000 under the national bank act, one-half of which was apportioned according to representative population in the States and Territories, and the remainder from time to time, according to the judgment of the Secretary of the Treasury, having proper regard to whatever banking facilities existed in any locality, its amount of business, etc, which has been increased at different times as the business wants have swollen, and at present no limitations exist, the weak point,

if any exists, any section requiring banking facilities and conforming to the requirements of the several banking acts being privileged to issue bank-notes.

The system, therefore, is only limited by the available and needed capital which exists in lawful money.

Except as to the removal of the limit it can hardly be improved, unless by still smaller banks, either as independent institutions, which perhaps could not be made economical, or as branches of those already existing, in which case only an office would strictly be needed, to meet the wants of small and outlying communities without going away from home. This has been outlined and recommended by the present Secretary of the Treasury, and it would seem a beneficient scheme for the further development of small business communities.

Apart from the national banks, there still exist many State banks located in most of the principal cities and towns, which have never entered the national system, although free to do so.

It may be presumed that the much broader latitude which they enjoy in the matter of credit, being under no surveillance of the Comptroller, is a strong reason why they do not change to the national bank system.

The quite common opinion is that from this more independent position, the opportunities are greater to make money upon their capital whatever that may be, than

can national banks under the severe restrictions imposed.

Such banks, many of them, were organized without a proper capital for doing a banking business, depending greatly upon their deposits for the transaction of their business, being authorized to issue notes for circulation, and consequently frequently failing through the expansion of credits.

Their notes were redeemable only at inconvenience at any time, while there was no safeguard that they would be redeemed at all quickly enough to make them good current money.

But besides the restrictive rules governing national bank circulation already noted, they are required to keep on deposit with the Treasurer of the United States an amount equal to five per cent of their circulation and also to feed a surplus fund themselves with one-tenth part of all their net profits until the surplus equals twenty per cent of their capital stock. Thus with all the taxes imposed upon a national bank, it is unlikely to make an extravagant dividend from its earnings.

Indeed, during the past few years, the average earnings of the national banks upon capital and surplus together have probably fallen below five per cent per annum. So close is this considered as a margin of profit that of late steps have been taken liquidating single national banks and bringing them into one organization of smaller collective capital for the prupose of economizing in expenses,

several Boston institutions having recently liquidated and consolidated to that end.

While this would seem antagonistic to the scheme of the present Secretary of the Treasury already referred to for the establishment of small branches, it is not inconsistent. The banks consolidating are located at a great center, and even one bank, properly furnished and officered, could do all the business just as conveniently for trade as the several banks individually. Through the establishment of small branch banks, however, or an office in close touch with the bank, if well managed in the outlying district it would most likely give encouragement to new industries which, for want of banking facilities might and probably would concentrate at the great centers, a departure which is not conducive to the best good of society.

I have attempted to show how under the national banking system not only is the greater safety secured to the holder of a bank-bill, but also how, through this safety the wants of society can be supplied without the harmful effects of a credit, the expansi n of which cannot be measured.

Under this system the United States has advanced the interests of her trade and commerce safely, until the nation, scarcely more than a hundred years old under her own form of government, has attained an importance abroad which cannot be better illustrated than by a recent statement of

the president of the board of trade in London, the Right Hon. Charles T. Ritchie, who, before the Croydon Chamber of Commerce, said he regretted to confess "that the exports for the year ended with October, 1898, had decreased 2,600,000 pounds "Chiefly through the alteration in the United States tariff." I put this last in parenthesis because I doubt very much if the decrease could be laid to the tariff to any such extent.

"Although" continued Mr. Ritchie, "we are gradually making up the leeway, it is impossible to help a feeling of anxiety." "Although we ought not to be surprised that we are being so rapidly overhauled in exports by other nations, especially the United States and Germany, it is a regrettable fact that, while since 1891 the exports of the United States have increased eighteen per cent, Great Britain's exports decreased five per cent."

Such an admission tells its own story better than can any statement from United State's sources, as it is the cry of the vanquished and not the boast of the victor. We can hardly expect that such a condition will continue for a long period, since there is an equation in demand as well as anything else, and the present prosperity of the United States will in the near future, no doubt manifest itself, not only in increased imports, but also in extravagant production which will react upon our new phenominal foreign trade,

I have already shown how much better our capital and surplus capital supports our bank liabilities than England's, and I make this further assumption.

As is the safety of the money institutions of a country, so will be the measure of her commercial prosperity at home and abroad.

The safety will rest, not alone upon the securities, but also upon the quantity of currency which a country furnishes comparably with the proper wants of its people and commerce.

An equilibrium should exist between the amount of capital and the legitimate wants of industry just as perfect as the scales which weigh equally on either side so as to keep them in harmony with each other.

Finally, there should be no money institutions which cannot show proper security quickly convertible into lawful money when occasion requires it for the well-being of society.

What the United States has gained in these respects should not be lost through unwise legislation in the congress.

As capital stands sponsor for individual industries, so should the bank capital stand sponsor for all industries, the same as the government stands sponsor for them under the national bank acts, being the intermediate agents between government and people with the responsibility which such a position entails.

I disagree with Mr. Tooke and Mr. Fullerton in their conclusions upon this sub-

ject, that the issue of bank-notes (not governed and restricted by law) cannot be increased so as to encourage speculation, and so cannot cause a commercial panic. I think that they can and have done this. Banks have in all the panics named in this article been the chief factors in creating them. They have expanded their issues abnormally to meet the "expectations of supply," or in other words, to assist commerce to speculate upon the likelihood of some article of trade, or some market security in stocks or bonds being wanted in the future, which likelihood is the chief source of speculation in all its forms.

To do this banks have themselves become debtors through the extra issue of notes, which by right could only belong to their depositors, and which they were unable to redeem quickly if at all, loaning them to their customers for these uses, and thereby virtually joining in the speculation, since if their customers could not realize, neither could they.

Of course, if commerce and trade could be said to be in a normal state this need not happen, but since it never is so, the opportunity always exists for this kind of expansion in the issue of bank-notes unless there is restrictive law.

I think that in any general inflation of credits and consequent high prices, banks, instead of being innocent, are the primal cause.

The only exception that I find in the history of finance in the United States

is in 1814,and this is explained by the following circumstances.

The complications with Great Britain had put a stop to our exports,but as a people always needs commodities from foreign countries, these complications did not stop the imports,and so the country was gradually drained of its specie in paying for them.

Here,there would seem to be a reason apart from an expansion of bank credits, but even here if we look carefully we shall find that this factor had not been absent in the last proceeding years.

The "Bank of the United States" after a precarious existence,had finally in 1811 gone out of existence with a loss to its stockholders of nearly fifteen per cent, The private banking institutions,having expanded their issues far beyond their power of redemption,had also in 1810 been nearly all forced out of business,so that the banking facilities of commerce must have been in a straightened condition.

This,then,without any foreign complications,would have been bad enough for industries,and probably would have caused the suspension of 1814 had not the foreign complications been present.

Primarily,then,I say,if banks refused to loan their notes for speculation on future wants,no extended amount of speculations would occur. This being true, if no speculation occurred,with the exception of famine,etc., prices would not rise.

From these facts I deduce the conclu-

sion that banks, by their encouragement to speculation, are really and truly the primary cause of inflated credits and high prices.

Bank issues, it is true, cannot be increased unless trade demands the increase, but trade may be said to embrace the railroad and the mine, the steamship line and the electric plant, as truly as does commerce embrace the cargo of cotton or of wheat. If the banks engage to supply their customers with any sort of prospective enterprise, they, by doing so, join in the venture, because through their means it becomes possible; therefore they cannot evade the responsibility of the outcome, whether good or ill.

But what, it may be asked, can be the rule to govern transactions when the line is so finely drawn?

I answer that when there appears an unusual briskness in business in any line of trade, it is prudent to examine the cause. If it is found to be an "expectation" instead of a reality, it should be shunned as a speculation.

There are possible exceptions. If a famine exists abroad, there is proper ground for expectation that supplies to whatever country suffers will be gratefully and quickly absorbed, so long as the supply is not crowded. If a large body of workers are diverted from their usual occupations, thereby becoming consumers and not producers, as in the case of war, there is reasonable expectation, by reason of the new kind

of supplies necessary, that trade in those lines will increase. If any agricultural crop is more than usually abundant and a market is available, there is reason to believe that money loaned will return in due season. Similar cases, where the "expectation" is a reasonable one, and not a dim perspective which allures the imagination, are exceptions.

If the banks heed these rules, they by so doing throw the responsibility of any overproduction upon producers themselves, and this is just where such responsibility ought to rest, since no bank can be expected to keep a proper surveillance over its own affairs and over those of its customers, the only guide they have being the market credit of the individual, and this is often most illusory, notwithstanding mercantile agencies.

Bank credits are supposed to be weighed as carefully as any class of credits that exist, yet the facts do not prove them to be so, since by a recent showing it appeared that a fair average of losses by misplaced credits was one per cent, while during the same period for which they were computed the mercantile losses averaged scarcely more than one-half of that percentage.

The difference is attributed to the different methods of collecting information regarding customers. It is unusual in banks to insist on signed property statements from the borrower, or indeed to constantly procure the freshest and most reliable information concerning him, the

reliance being more in character and intelligence.

In trade and commerce this is not allowed to cover the whole ground. It is thought best to learn as nearly as possible about honesty, the nature and amount of true assets, whether the business is local in its dependence on returns, whether the factor has practical knowledge of his business and is satisfied to confine himself to it without speculating, and whether or not he makes money, besides which there is an effort made to learn how much credit he uses and how much cash.

These are all pertinent points to be considered in making an estimate, and they can be no less valuable to banks than to trade in general.

When, therefore, any individual engaged in trade or commerce desires more than the usual accomodations from the bank, the criterion should be, -not the usual credit of the individual, -but the use to which he desires to put the funds, and then unhealthy trade will be nipped at its beginning.

To recapitulate, I deem it to the utmost good, not only to the banks themselves, but to their customers, and after them to the whole of society, that bank circulation should be restricted, and absolutely controlled by the government and wisely apportioned according to population and the normal wants of production and distribution.

If any flaw exists in our present banking system which is likely to produce evil effects, it is the removal of the limit of national banks, and thus making another expansion of bank-notes beyond the normal requirements possible, and it is my conviction that this would be best remedied by absorbing the banks under a general government system, similarly as is absorbed the service of transmitting correspondence through the mail, it being no less a matter of public service in the interests of the whole body of society in its working for good or ill.

Finance is so delicate a thing, and its effects upon society are so quickly felt that it cannot have too strong safeguards.

I may be among the minority in this view, but it would seem if any person studies carefully the history of our finances he will be obliged to arrive at the same conclusion.

Bank officials are usually regarded as the conservators of the interests of capital, its guardians and promoters, but the government to be just, must look further than this. It must see to the well-being of society as a whole, and it can only do so by making every one of its members responsible to that end; for while capital is the active agent of all enterprise and all progress, it is to society that it owes its existence, and any impoverishment of society will impoverish it also. When production ceases, capital will disappear,

because it will then go into consumption like any other commodity.

I have only to consider two points in conclusion, the proportion of reserve in specie which a bank should hold, in proportion to its issues, and how this will operate on redemption.

The drains upon gold and silver except in emergencies consist of what a country pays for its imports.

Those are paid through banks, they being the depositories of the available capital, and of course they should always be in condition to meet these payments. That they are not always so is true, frequently being borrowers one bank from another, but for all ordinary purposes this answers well. To guard against extraordinary circumstances, however, under the national banking acts, not only are banks required to hold at least an amount of money at all times equal to twenty-five per cent of their capital stock, but also to deposit with the Treasurer of the United States an amount in lawful money equal to five per cent of their notes as a guarantee for redemption at the United States Treasury as has been stated. These are deemed proper safeguards against any drain which may be made upon them, and if the requirements are fulfilled, no doubt they are so. Especially are they so when a country has as large a volume of money in circulation as has the United States at present.

Thus if a country exports more than it

imports, in spite of what may be said of its being a vulgar doctrine, its people may be assured that the representative money which they hold in bills has behind it the lawful means to redeem, and it is a noteworthy fact that those who try to maintain otherwise are themselves forced at last to the conclusion that legal restrictions are necessary to that end unless this is the condition, for the protection of the bank-note holder.

The United States is fortunate in possessing at present both the balance of trade in her favor and the "reserve."

Let her add to this the absolute restriction of the volume of bank-note circulation to the amount necessary for the economical conduct of business, and there will occur no circumstances in which a bank-bill will not be worth its face value. Perhaps there is no present need of this caution, but since any large surplus of bank-notes will make banks competitors with each other just as truly as an overproduction of commodities will make producers competitors, resulting in extraordinary efforts to keep the increased amount alive and active, it would seem expedient to place bounds somewhere in view of a possible calamity, either immediate or fifty years hence.

CHAPTER XXXIX

INTERNATIONAL COMPETITION

Commercial rivalry founded upon economic methods of production, not intruding upon the proper rights of labor, is beneficial to society.

It affords a commodity at less price to the consumer, and thus gives a broader latitude to possible accumulations to each member of society, or, in lieu of that, more indulgences of taste.

This is true of international commerce as much as domestic trade. If England can, by virtue of superior methods supply an article for the use of society cheaper than can the United States it is no stigma to her if she brings her goods here to market.

It is only when commercial rivalry proceeds from a desire to work off unhealthy surplus productions that a country infringes upon human rights, and in such case it does so both at home and abroad, whenever it goes forth for its market; when production is forced through rivalry as to who shall sell the largest amount, without regard to the normal demand, thus inviting society to buy because the commodity is cheap or offered below its normal and proper cost, then the laboring class of society must suffer from compe-

tition, not in wages among themselves, but through a cut in wages for the sake of making this competition possible among the producers who employ them.

Trades-people inclined to such methods forget, if indeed they ever knew, that the prosperity of their own industry not only depends upon that of their home neighbor, but in this advanced age, when countries internationally trade with each other to such an extent, upon that of their neighbor abroad.

If the commodities and their interests are diverse in nature, this will not apply; but if they are alike in their nature it cannot fail.

It is a popular fallacy with many who are engaged in trade that the volume of trade is what determines the degree of prosperity, and in a certain way this is so, but if the volume is created through unhealthy and unwise competition as is so frequently the case, prosperity will die in the arms of adversity as the effect.

A producer may be engaged in competitive trade whereby the rivalry is so close that it becomes necessary not only to cut wages if that is possible, but also (as has sometimes been observed in the shoe trade) to measure the length of the shoe strings.

When this becomes necessary there is something wrong in the method of producing and selling.

It happens especially in those trades in which the material is the main factor in the cost. The margin for labor and

profit is narrower than in a trade in which the material is of inferior cost as compared with the market price.

If the cost of material is ten per cent (as is still true in a few trades,) there is left a large margin for labor, risks, and profits of manufacture;but if the cost of material is seventy-five per cent,then it requires close reckoning to enable the producer to balance his ledger on the right side at the end of the year.

In such specialties as referred to last, therefore,it is seldom to be expected that a country can sell abroad to the general advantage,because margins either at home or abroad are too close to speculate upon.

It is only through the opening up of a new country that such trade can be made beneficial,such possibility as Cuba may afford in the near future,perhaps also the Phillipine Islands, where the people have to be educated to a higher order of civilization and through such education learn new wants.

If,on the other hand,a country excels either in some particular and peculiar product,or in methods of production of a product,she can entertain the reasonable hope of controlling not only the production of the commodity, but its price.

Under such a condition there is a proper inducement for capital to engage in production,and it will do so to the advantage of society and without fear of damaging competition.

Where competitions enters is at that stage when

the country buying, finds itself starving its own industries. If it appears that a commodity imported from abroad can be manufactured or produced at home, there will be the incentive to increased production there, and capital and labor will find more employment, and from this fact, governments seek to encourage home production. Thus they may for a season grant a bonus, or impose a tariff on a product so as to lessen the advantage of a foreign producer and stimulate the production at home, and this may be a beneficient act, if the production thus encouraged is worthy, from its nature and the promise of a future development to warrant it.

Usually, however, the real virtue of such measures is obscure, as when we take a broad outlook we find that in the present age international prosperity is home prosperity. To follow the best course of events it would seem that a country liable to be undersold through foreign competition might as well allow the foreign goods to come freely for a time, and if the home production cannot be made to tally in prices, divert that manufacture or occupation to another field of product in which she could compete to better advantage.

This would allow every country the advantages belonging to her, whatever they might be for producing goods, and conduce to the benefit of mankind in giving a product at its most economical cost.

Any sort of a protective tariff cannot fail to work to the detriment of the con-

sumer.

The need of a protective policy is a primary admission that some one else can make a certain kind of goods cheaper than can the country imposing the tariff.

It has often been stated that a protective tariff was for the benefit of labor. I grant that it might be so if a country must confine its industries wholly to such as are unfavorably competitive, but this is not true. The condition which creates a call for a protective tariff is always a rivalry, not in wages of the laborer, but in the amount of profit, or margin, to be derived from the business.

If England or any other country can deliver an article of commerce in New York cheaper than a home producer, it is not because her labor is underpaid. She may have exceptional advantages in procuring the raw material; she may have processes in advance of us, or may even be willing to work for a smaller margin on her capital,—a thing not at all hazardous to mention in this particular connection. There are other reasons which might make it possible for her to outstrip us in the matter of price which are not to the detriment of her labor. This applies to us on our own side in an equal manner.

At present Americans are undoubtedly superior in many lines of manufacture. This is due to more than one cause. I suppose there is no doubt that the American workman excels those of any nation in his tal-

ent and skill, and this is not all. The resources we have in improved appliances for manipulating our vast natural ones, yield facilities for rapid movement in productive lines which astonish and challenge the admiration of the world.

The recent grant of contracts to American manufacturers for locomotives for the Great Northern Railroad Company of England; for the Atbara bridge in the Soudan; the building of iron steamers for foreign governments; even the furnishing of iron and steel rails for England, are among the passing current incidents in America.

Science in its best forms, economical plants and running systems, together with the intelligent co-operation of the workman are the factors which draw Englishmen to our shores to see if they can discover how it is done; but their conclusion seems to be that it is entirely due to the difference in the application of the workman to his task. This factor can hardly be overestimated, but the results accomplished in speed and in cost are also due to the application of every one connected with the plant from the office throughout. It is all this combination of zeal and faithfulness in every department, which is so aptly called "American spirit" that constitutes the wealth of the promotor of an American enterprise. Hence the Pencoyd Bridge and Construction Company secured the contract for the Atbara bridge against English bids because they could furnish so much more quickly.

American labor is higher paid than any other, but the method and the application together with the superior talent more than equalize the cost.

In international matters, in this connection, labor need not be a consideration. With this left out, it becomes a matter of expediency,-not in the interest of producers, who can easily enter other channels of industry,-but in the interest of the whole of society. If England, or if America can serve the needed goods at a less price than the home producer in either country, society should demand that they have free entry so as to derive the benefit from low prices. Society in England has so demanded and free entry has been obtained, not as it seems, to the detriment of industries generally. If a tariff is necessary, there are other and better ways to raise it than by depriving society of the enjoyment of opportunity to economize in daily living.

But if American workmen are higher paid it is because they earn more.

Cheap labor in foreign countries has been cited as a reason why restrictive and even prohibitory tariff duties should be imposed upon foreign goods; but by comparison we do not find that for the same quantity of work wages are lower to an appreciable extent abroad, particularly in those countries with which the United States deals largely, than at home.

Germany has a strong organization to prevent low prices for labor, with a men-

bership so large that the government has sometimes feared its potential power.

France has a people who do less work in the hour than Americans, and therefore are not entitled to so large pay, while England, in spite of the same condition as cited of France, is getting close up with us in the matter of wages.

If labor were really the element in competition, the United States need have no fear of foreign rivalry, for although the rate of wages per day may be somewhat in advance of other countries, her power to produce is so much greater by reason of more improved methods, more inventive skill and readier application that the labor costs less in proportion to the cost of production.

If there is anything to impede foreign trade, it is that American capitalists expect larger returns on their invested capital than do those of other countries, and they strive to realize them by endeavoring to compel legislation by the congress shutting out or imposing duties upon commodities produced abroad so as to have the home field of production to themselves. It is exactly in the nature of a monopoly, for which society is obliged to be taxed through higher prices on commodities than they would cost if imported free, and the tax goes to the benefit of the producer at home.

Completely uncovered, it will be found to be a robbery of the consumer, the high prices resting only upon an artificial

basis created by an act of the congress which is an arbitrary one, by no means expressive of the will of the people.

The exception to what is stated above is found only in such cases as through the employment of serf labor, or through an economy of manufacture where leisure hours are employed, when the product, whatever it may be, affords a certain gain at whatsoever price it is sold. This sort of competition forms so small a part of the imports of a country like the United States, with its manifold wants, that it is unworthy of consideration.

Were such conditions applicable to the general commodities which the country imports, being the general condition of all industries, then it would not only be a damage to a country importing by hampering its legitimate industries, but they would be a menace to labor which it would be necessary indeed to counteract by legislation.

All of the principles stated have been applied to international trade direct, but they are equally applicable to any two countries trading with a third.

Let us suppose that the Phillipine Islands or Porto Rico are opened up to trade under the auspices of the United States, and that the products from these sections are thus introduced into the United States free of duty, and that by such introduction staples from these countries come in competition with some of America's products, or products upon which American dealers

now speculate, the latter thus being undersold. There will be a loss of profit to the capital engaged in that trade, truly, but will there be any loss to general society when obtaining goods at a lower price? Will not society by such means derive a benefit from the natural productions which those countries afford without paying a profit to an intermediate, or perhaps prohibitory agent of supply? If this be true, who is in the majority, those capitalists engaged in the trade, or the whole mass of society, and whose rights and privileges deserve most of the protection of the government?

Again, let us suppose those countries' wants in the near future create a demand for additional commodities beyond those they have been receiving from abroad; and different countries are rivals for the trade. One country, either the United States or another, can by superior methods of production, or through some other advantage possessed furnish these wants at a cheaper rate than can her rivals and deliver at a cheaper price at San Juan or Manila. Is it not plain from a humanitarian view which is apart from the individual interests of the rivals, that he who can most cheaply supply the commodity without detriment to society through low wages created for the purpose is entitled to the trade? I do not think it pertinent, except from the individual view, to inquire whether speculators can reap as much as though they were granted

the monopoly by an arbitrary law, such as a protective tariff act, and it would seem to be sound economics to subordinate the individual interest to the good of society.

Let that country reap the benefit of international trade which can best serve the wants of society and it will be in accord with our advancing civilization.

If people who desire to speculate are thus curtailed in profits, mankind in general will not be the sufferers. In considering this and kindred subjects, it is necessary to avoid the view which is narrowed to individual interests.

Under a good system of finance, labor need not fear that it will be idle if employers are not so avaricious for gain as to go beyond the limits of prudence in seeking a market. Better than this is the diversion of an industry to another and more prosperous field.

It is time to look about when a trade becomes closely competitive, either between home industries or between foreign ones, and it is no compliment to the promoters of an industry when such a condition appears. Should any one of them have as little method in the government of their industry as they display in furnishing the market they would be unable to pursue the business except for a limited season.

Until every foot of ground is occupied which will yield its product through labor, the latter never need beg for bread.

This is the economy which a wise Providence has provided for the wants of humanity. It may devolve upon labor itself to make the diversion from one industry to another, capital invested in a plant being loth to leave it, but labor is courageous and strong, the giant to whom capital must bow whenever its mandate is issued with authority, not by revolutionary methods, but by quietly serving itself to its own best advantage, hewing its way to make new capital as it marches on.

Speculators are already learning that the general and increasing education of the people is a factor not to be despised, and attempting to assimilate their methods to a nicer harmony by granting larger remuneration and curtailing the hours of employment, and it is apparent that their interests flourish just as well.

When labor learns thoroughly that it really is dependent only upon that capital which exists within itself aided by the broad intelligence which it is cultivating so universally, there will begin a transformation of capital into labor and labor into capital until there will no longer be any dividing line between the two.

To sum up: Competion in international trade does not materially differ from competition at home. In either case, it is a factor to the good of society as often as it does not infringe upon the just rights of that power which makes it possible,-labor.

When it arrives at that point in international trade where the interests of capital demand protection from free competition in foreign countries, society should arise in its might and condemn the selfish interests of individuals which prompt the demand.

When all nations have free reciprocal trade, mankind will reap the advantages in lower prices of commodities of mutual production, as well as in many other articles for comfort or convenience.

If capital is too selfish to forego the advantages which it alone derives from protection, let labor, intelligently operating, become the lever of adjustment through wise legislation of its own,—a method always possible if its organization is thoroughly perfected upon broad political lines. But as no great economic change can be accomplished in a day, it behooves labor to strip itself of all false bias, clothe itself in the garments of sobriety and conservatism as becomes its mighty dignity, and thus compel the respect of every possible present antagonist.

I shall devote a considerable space to this subject when the time arrives for its presentation in these pages.

CHAPTER XL

REMUNERATION VERSUS PROFIT

In considering the subjects of production and distribution, or appropriation, we found that although the object of the former is simply to serve the wants of the latter, the accomplishment of that end is left to exchange, which employs many agencies in the distribution.

Between the real producer,-the laborer,- and the party to whom his produce is destined is the capitalist, either real or representative, whose office qualifies him not only to effect the general distribution, but also to apportion to the laborer his lot of the produce, notwithstanding it passes through the hands first of the latter, and is dependent upon his exertions for its existence, the capitalist receiving it only by virtue of possessing the means to advance a portion of it for the immediate wants of subsistence.

In contemplating the subject in this light (which is admitted to be strongly drawn for the purposes of comparison), it would seem that the titles capitalist, landlord, etc., should not exist, and it is from this view, amplified and exaggerated in various ways, that anarchical sentiments, bred and fostered by carping cares and anxieties, want and suffering, spread,

endangering the whole of society and its institutions reared at so great a cost.

I have said that it would seem that such titles ought not to exist, but nevertheless it is right that they should exist, either under one form or another.

In the present arrangement of society we have a system of wages, profits, and rents, but it is due to the workers themselves that any but they receive the several portions in the form of money through an agent of exchange called a capitalist, into whose hands the sum of production goes, and remains, either in produce or in money to be expended by him in land or in wages. It is not through the exchange of commodities that the laborer loses, but through the method of exchange.

With or without money to effect the exchange, the condition would be the same, if the laborer is dependent upon any one to supply his immediate wants, as the very fact of his dependence makes him a victim to circumstances, in this wise:-

Any remuneration for labor must depend upon the whole amount of production which labor yields, divided among the whole of the population.

If you own two dogs who occupy a kennel in common, and if one is stronger than the other, when you feed them, throwing the food into the kennel, the stronger dog will drive away the weaker and monopolize his share. The weaker dog, after ineffectual struggle, will finally yield from habit

and accept his poorer lot, taking what the stronger dog leaves him, sometimes, perhaps, going without. It would be the same if a hundred dogs occupied together, the weaker would succumb to the stronger.

If the supply was only the same as for two, the rest would perish from hunger, but if each one was capable of creating a supply more than adequate to his wants, what would be the natural thing for a dog to do? Would he not create enough to appease his appetite and stop?

How applicable the lesson to mankind: Let us ignore market exchange for a moment and see what would be the result.

The agriculturist, knowing how much produce would be required for consumption during the times between harvest, would provide as much as would suffice, being aware that any overproduction would perish. The artisan would pursue his occupation only so far as his own wants demanded the fruits of his toil.

What would be left of society? A large mass of brain workers, and another class who float upon the surface of society without exercising any efficiency.

Let us attempt to classify the brain workers.

First, and most important of all, I think, are those who devote themselves to the general good of mankind. Who are they?

The noblest ones, such as attempt to teach their fellowmen kindness toward each other, first by tongue and next by pen, come first. Next in order are those who.

having received the lesson, attempt to make it practical through an organization of society, and following these are the eduators who train society ideas and develope general knowledge from its germ of the past, and those who safeguard its health and activity. They are all workers.

Are they not entitled to compensation? Yes, because they are all benefactors of the race; but how shall compensation reach them?

The agriculturist and the artisan must devise means, and it is in providing this means that we find the necessity for money and for market exchange, and for this there must be agencies.

But are these agencies of the same order as those enumerated above? In performing the functions of their office are they likely to be guided solely by humanitarian impulse?

The agriculturists and artisans alike recognise the importance and the efficiency of the teacher and the healer, but individually no one of them knows exactly what is demanded as the sum of their existence and subsistence. It is the office of exchange to determine this, to make an equal distribution possible, but it does not do it.

Instead, it collects from the agriculturist and the artisan all that each can spare above their subsistence, and from the accumulation makes its apportionments as society demands.

From the surplus thus collected the agents

supply those whom I have named above, and also a class of people who having inherited or acquired wealth are not among workers.

This exhausts the supply and converts it into money, but exchange does not return it to labor. Whatever agent of exchange has been engaged in the distribution usually becomes a capitalist.

But there is another phase usually referred to by writers upon this subject: the basis on which the agent of exchange gathers his supply.

It is averred,-and with a show of plausibility I grant,-that the basis of the accumulation must be the least bountiful harvest of the agriculturist, and the least productive industry, each being estimated according to the number to be served. The usual language employed by these philosophers is "the least fertile land, or the least productively employed portion of capital."

Now reckoned from the standpoint of accumulated active capital, this ground would seem to be correct, because it is from those least productive sources of general accumulation that are graded those distinctions which are regarded as tokens of prosperity, the amount of risk and the amount of profit.

But if we consider carefully, we find that if such a basis was correct and just toward the whole of society, the proof of the justice would be in the absence of a

surplus. It is unnecessary to say again that such a proof does not exist; on the contrary, we have ample proof that there is a surplus, and a bountiful one. Such proof exists plainly in the vast wealth of nations, and private accumulations under our immediate observation.

I cannot dispute that disadvantageous circumstances of production to determine the exchange value of commodities and their money price, but I leave it to the intelligent student to say if those are the circumstances which should determine them.

Having arrived at this point, we can easily see the position of the real producer,-the laborer,-in relation to distribution.

This sort of a theory political writers usually substantiate by a resort to land, this being the prime source of necessary subsistence for society, and they are forced to the barren or exhausted lands, or to those removed from centers of population in order to make the theory reasonable. If all the world consisted of just the land now occupied; if man was not a creature capable of locomotion; or if, being so it was still necessary for the mass to herd like sheep or swine with his fellow-creatures, the barren and exhausted lands would be items worthy of consideration, but none of these assumptions are borne out by facts. The very writers themselves who make them, grant that the conditions of agriculture in America are vastly dif-

ferent and better than those of older countries, and are obliged to make exception in her case.

I believe that a political economy that does not embrace the conditions of the world is necessarily deficient in material for its structure. If it fails as a system in America, it fails in a section of the globe which by its vastness, its richness in resources, and in its methods, is at this present time entitled to the first place in the consideration of a writer in his work.

[illegible] not at the extreme margin of the cultivation in a country impoverished in her natural resources that we should go for an index to the proper distribution of produce, unless we desire to make room for the landlord and the capitalist to the detriment of the rest of society.

When we go there to form our judgment we will find that the premises of these writers will be substantiated by the abnormal increase in the population and the natural decrease of production, which impels the producer to expend more in fertilizing, etc., and consequently places a heavier tax upon the consumer by raising the price, or else lowering the wages of the laborer.

Such writers argue truly when they say that the rise in price will not be so great that the landlord can still collect a rent; and in the last event, when production ceases to yield any surplus above

its cost, capital will no longer be invested. But from those premises, let us go still further and see what would happen if only the "barren lands" upon which such theory depends were left.

There would no longer be an incentive to capital, because no profit could be obtained from a surplus. Society, however, must still have its subsistence, or perish.

Under such circumstances, would not society "move on" where fertile fields could still be found? And if it did so, would it not be remembered by the capitalist that the population which had left him behind formed a good market for products and invite him to follow?

Now this is precisely what has happened, and we find the proof in the existence of international trade, in the founding of colonies, in the explorations, of scientists, and the great stretch of railroad and telegraph lines, making a former wilderness a bed of roses or of cabbages, a field of cotton or of wheat as the case may be, and bringing remote sections so near that we can feel the strong throbbing of their pulse day by day, while the cost of carriage is sufficiently low to admit of the exchange of commodities to and fro to mutual advantage of producer and consumer. Such is the Providence which has carried us safely away from the "barren lands."

And the fertility of the soil, together with all the modern facilities named are by no means all that enables so ample ser-

vice.

From among the population so earnestly deplored in its increase by these writers, there appears at frequent intervals a genius, who unfolds a plan whereby productiveness may be augmented, the results of which are that not only is the real producer able to obtain the benefit of a little leisure, but the cost is reduced so that the consumer gets his commodity cheaper.

Thus, through the human brain,-that gigantic power which we cannot call our own,-implements are invented and improved, suited to all agriculture and all manufacture, each day cheapening the processes of production and giving to labor a more generous proportion of its profits.

Such are some of the steps to and the equilibrium between profit and remuneration, since the cost of all invention and improvement must ultimately fall upon capital. It must so fall, because neither will labor furnish freely, nor will society pay an advanced price for its commodities.

Hence, though labor is better paid for using skilled appliances in the trades and works shorter hours to accomplish the day's work, it gets its apportionment of products through the mechanism of exchange at as low a cost as before labor-saving appliances were so plentiful.

The result is that profits are of lower percentage as compared with the sale, the margin thus lost by the capitalist being

partially added to the hire of labor, and this is right, for since labor has advanced each method in producing (brain labor and manual labor combined), it is entitled to the reward. It is through the process thus going on, -slow though it may seem, - that the equilibrium will at last be reached between capitalist and laborer; the laborer's remuneration rising and his leisure increasing, while the remuneration of the capitalist will lower, and his leisure decrease.

When exceptional cases are noted, where the capitalist reaps abundantly, it is because he has exceptional advantages, usually by reason of a monopoly to a greater or less degree, while sometimes it may be due to exceptionally fortunate circumstances. The above rule, however, will apply to all common competitive industries.

As applied to land and its products, without any advantages to be derived from improvement in methods, the agriculturist, through the general advance which is now taking place in remuneration for labor, would be obliged to obtain a higher price for food products. For this end, he would necessarily curtail his production or else hoard his harvest. Now as these products are perishable, and as also the agriculturist must wait for his harvest in any event, both his product and his capital, or need of capital to replenish his investment in sowing, demand that he shall seek a market, and thus society is furnished according to its will, the

farmer suffering the loss of profit through the general rise in the price of labor.

But owing to the rapid advance in improved implements, as fast as the farmer avails himself of the advantages to be derived from their use, this loss of fair remuneration will disappear.

We may therefore say that real wages, so called, are gradually rising at the expense, or to the loss of profits, loss what advantages it gathers from improved methods, and are tending to a just equilibrium between the three.

Profit is also partially compensated for its loss through the more rapid manipulation over and over again of the stock in trade because of the improved methods for producing; the market remaining the same, whereby if the profit on a single production is two per cent and the production can be duplicated only once in a year, the rate of profit will be but four per cent; but if the production can be duplicated two, three, or four times annually at a margin of profit of two per cent each time, the annual profit will be multiplied by as many times as the duplication takes place plus the first product, which if duplicated at two per cent four times, as is not unusual in many trades, the annual profit will be ten per cent per annum.

In conclusion, each method improved in agriculture or trade, tends to equilibrium between labor and capital and their harmony with each other,

CHAPTER XLI

RECIPROCITY

"Give, and it shall be given unto you; good measure, pressed down, and shaken together, and running over, shall men give into your bosom. For with the same measure that ye mete withal it shall be measured to you again."

Reciprocity is a term not so much in use as many, and its uses to the present time have been mostly confined to treaties between countries, whereby equal international privileges in customs, imports, etc., are enjoyed. It is, nevertheless, a word far-reaching in its import, capable of being converted to the most advantageous use in all the varying walks of human life.

The course of our inquiry and elucidation has now brought us to a point where we can perhaps with advantage look back over a portion of the field already traversed and sum up some of the conclusions arrived at.

We have economically considered the great majority of human interests in the light of, and as they stand connected with the whole of society, and we have I think,

discovered some factors which disturb the equilibrium between labor and its proper reward.

Those disturbing factors may all be grouped under the general head of speculation, or a desire for future gain, and may be said to represent individualism.

The history of the world shows conclusively that the human race is an advancing type of life, and from our judgment as to what constitutes man's happiness we are obliged to admit that the advance is toward happiness, because, contrasted with a previous age, we find man less a victim to inclemencies of the season, to famine and want, to pestilence and disease, to ignorance and superstition, while civilization in its advance has brought to him all sorts of comfortable appliances which in earlier ages were undreamed of.

For all this there must be a reason, and when we search for it we find that these improved conditions are owing to an infinite and indefinable desire, or reaching out for things conducive to a higher state of being and a natural yearning to learn more through education, which begets broader intelligence among the masses of men.

For in no age of the world of which we have a history shall we find a period when there were not some minds that approached, if they did not excel, the height of infinite yearning which our own age exhibits among our loftiest minds, which proves the existence of this quality in

a very high degree of perfection from the very first. If we search the scriptures we find a Moses, an Abraham, a David, a Solomon, and Isaiah, while at a later period we find in the Master the highest conception of all that constitutes perfection in the highest possible form of humanity.

We find in profane history the names of a Confusius, a Plato and a host of others whose wisdom is still the inspiration and the delight of our best minds.

But should we have means of contemplating the masses in any of the ages referred to we should no doubt find them rude, unlearned and barbarous, hardly above the more intelligent animals of our present day. It was the higher classes of humanity who were noted in history, and what gave them such prominence was the seed of education dropped upon the same kind of soil which exists today, which brought forth its fruits in kind, so that apart from the developments in science, in the exercise of talent and skill which has been educated step by step, the higher type of man has not probably advanced since the beginning.

In the masses, this is not so, each succeeding age yielding more from the leaven which has constantly been working, and we find now, instead of the few super-eminent minds, that intelligence is more and more spreading its broad wings over the great congregations in the centers, and even reaching out into the wilderness, because of the human striving after knowledge.

Man gets more because through his effort to attain, he earns more and deserves more, and the secret of the great advancement of the masses is, that the higher man rises in the intellectual scale, the higher he also rises in the social scale.

Thus under a general system of education a people are aroused from their lethargy, become acquainted with the historical facts of the race, taking their places among scholars who were formerly their superiors in this respect, and become active and living members of conservative, orderly society, of the real nature of which in the former periods they were so grossly ignorant that they beheld it only with awe and reverence, and were willingly submissive to it as a superior body. It was so, for the only proper line of equality between human beings is that which is drawn by intelligence.

The heart may prompt pity, but it will not create real affiliations between inferior and superior minds. A man cannot rid himself of the superiority which a highly enlightened mind gives him, even though he degrades himself by habit and sinks to the gutter.

It is to such superiority that we owe our present knowledge of the nature and the possibilities of all material, or physical objects, and so far as our present comprehension fails, it is through a lack of that higher order of still cultivated intelligence which will unfold the deeper mysteries of nature one by one and make

them clear as day in the meridian sun.

For it is not only to inventions, the result of experiment, that we must look for development, but to the unfolding through invention of another plan, which the invention hints at but does not make plain.

While we are filled with delight at the thought that we can converse with friends far away through the agency of a wire connecting, we are led to wonder what makes this possible, and exactly what is that hidden law of nature which can make so slight a thing as the vibration of the human voice audible through a distance of a thousand miles in an instant of time with no more interruption to a conversation than if the persons were in the same apartment together.

In a somewhat similar manner, through the manipulation of the fingers, the telegraph wire conducts the message to the other end of the world and brings back the answer, and we are told that soon even the connecting wire is to be dispensed with.

Wonderful, indeed, and suggestive of a subtle power pervading all space of which man has yet but the faintest knowledge, and the immeasurability of which becomes with each new development more apparent.

There is still a great mystery unexplained by man which shrouds the power, limited only by the shores on either side, of the vast flood that rolls between the continents with its ebb and flow, waiting-

waiting through the years for man to uncover, learn the lesson and apply it to his use.

Then there is the storm and the hurricane, the blizzard and the cyclone, the flood and the volcano, each at present an agent of destruction to man and his belongings which with the advance of the ages will, I believe, become instruments of utility in directions not yet explored.

Who can suppose that steam, the great motive power of the present century, embracing among its necessities the consumption of commodities impossible for future ages to replace, is a true force of nature? Already electricity supplants it in a measure, but by present methods is also an agent of consumption scarcely inferior to, and in very many ways directly dependent upon steam.

From both of these and their appliances, the rude jangling of machinery and locomotion; the country overspread with a network of wires and rails, with the tremendous array of rolling-stock and the jarring noise as it rumbles on and consumes itself year by year; the giant mills wherein take place the operations of industry, even the vehicle upon the highway,-all rude and inharmonious forms when compared with nature in her working for development and growth, so quietly and yet so thoroughly accomplished,-all these teach man the lesson that his achievements have but just begun.

Lastly in this connection man's handi-

work, even in its most skillful application in the refined and delicate processes of science, compared with those of the insects, so minute, yet so exact, puts him to shame when he reflects that his work is but rude and ill-shapen when he has done his best.

How is it that while man is so much more richly endowed by intellect that he subordinates all the lower forms of animal life, he is further removed from true harmony with nature than any of them?

Why, if there is a lack of harmony in the great Infinite, should it not manifest the lack in every living thing?

It seems to the writer that no stronger evidence is required when we see how man in spite of his boasted wisdom, is still a victim; that the self-chosen systems by which he is guided are wrong; that the true inwardness by which the reciprocal action of the ant and the bee, the bird and the beast, win their way by nature's side declares their innocence, to be the cause, and stamps man as lacking in it. Instead of being in reciprocal accord with nature, he attempts to subvert nature to his individual purpose.

If it is the king, he surveys his realm with the eye of expediency of the hour and bends all things to his purpose, and his subjects know and comprehend that it is his rank that permits the exercise of power; if it is the individual, he surveys his little sphere with the same eye and accomplishes in proportion to the power

he can acquire in the same manner, varying only in the degree.

What is the end? The accumulation of wealth.

Has it made the earth another Eden? No, the same old operations still go on with never-ceasing round, work for the masses and idleness for the ruler, with the ever-advancing need for and appreciation of protection of -what? Life and property, as though mankind in the whole were a set of brigands, which if it were true would absolutely leave no one to protect. The methods-for the purpose of security from the rapacity, not of a class, but of one another.

What is the best known safeguard? It has been found in all countries to be through institutions by association in manners and free interchange of opinions, through which reciprocity, harmony of action, blessings will flow, reducing oppression and war, and reciprocating with each other against the day of calamity.

In each advance made by mankind it will be found that reciprocal action, based upon an advancing order of intelligence has been the motor.

It is pertinent to inquire at this stage, then, to what extent and in what particulars do the existing conditions conform to the best interests of society?

If we go to the mines we may see laborer fighting with brother laborer, each jealous of the opportunity to earn his bread,

owing, perhaps, to a low remuneration or a limited market for the product.

If we penetrate the depths of industry, whatever the branch, we see a system of protection, not of property, but of prospective property contained in labor.

If we go to the slums, the lower strata of society, we see discord of conduct, with a lack of conscience which is astonishing.

If we enter the more refined circles of society we find classes and cliques, each germinated out of surrounding and association, more or less political or religious, but according only to the set principle of ethics peculiar to itself

Even inside the church, which is the highest form which society has attained we find a lack of equality and harmony in sentiment except so far as pertains to a definition of the creed.

It is a relief to go to the schoolroom; but here again, if we enter the university we shall meet disappointment, for it will be found to be divided into cliques and sets according to the pattern which society has furnished it. Only when we enter the primaries do we get into the pure atmosphere where exclusiveness is unknown.

If my analysis is correct, we shall have found that among all the institutions of society, social or industrial, that which most nearly conforms to the best interests of society in the primary school.

No wonder the Master raised the little children to be the type of those who inhabit "the kingdom of heaven" when we find them thus honorably isolated.

But as we depart from the innocence of early childhood we find associations of individuals, or individuals separately, guided by the growing temptation to appropriate something, aiming at a distribution which is unequal, not for the general good of mankind, but for the good of the individual. It is the great struggle of the individual for supremacy, to continue when gained but for a brief time, at the end of which a tombstone, the duplicate of which may stand by its side, will be all that remains to show that the individual ever had an existence except through fruits that are not material; and if we scan the little plot we rarely find a footprint to show that it has had a former visitor a generation after it has been planted.

The only perpetuator among the scenes wherein were wrought the achievements of the individual is the page of history; and here, in the multiplicity of names inscribed, we find the one which shines the brightest,-the only one which ever advanced man to a better idea,-belonged to no exclusive order, strove after no material thing, but gave Himself a sacrifice to a principle, the living of a life unselfishly and for the good of his fellows.

Therefore His was not a life of idleness, but one of the hardest services during His ministry.

There is a consciousness within every one that life means exertion, for man can-

not live without it in some form. We are only able to decide to what extent it ought to be carried, and an impartial view of the subject will convince any human being that it should not be necessary to carry it to the extreme of sacrifice, as was the case cited, owing to the selfishness of the rest of mankind.

In the majority of cases, where the man is dependent upon the labor of his hands for sustenance, it will be admitted that it carries him further than his well-being will warrant.

It is therefore well to encourage all kinds of inventions whereby production can be accomplished with less labor, provided their use does not diminish, but increases the advantages of the hardest lives by relieving them of a part of the burden.

Another factor useful in the development of humanity to a better condition is found in a distribution from centers, where concentration strangles freedom and promotes vice.

There will be found in all countries, and in every section of country, opportunity for growth without the close competition which is encountered in the densely populated district, for it is yet early to begin to think there is no room. There is still ample room outside. The world is large, and after all the land is occupied at home, there are still unoccupied parts of the earth waiting the hand of civilized man to develop them.

Improvements, and the call to do missionary work, go hand in hand to sustain the equilibrium of value in commodities and the increased comfort and happiness which they bestow, on the stability of which the well-being of mankind so greatly depends.

Some writers of repute, in treating of industrial progress, introduce the speculative as conducive to the general good, because sometimes the stock of goods which this class have bought and hoarded in the hope of future gain, being brought to the market when the price is high, may tend to equalize or lower the price.

I think this is misleading, because if we grant that the commodities are produced, they exist somewhere and if not in the hands of speculators, they might very naturally prevent prices from rising, being in the free market instead of being hoarded.

If there were no corn dealers, or wheat dealers, it would hardly be the case that the producer would throw away his corn, and in the deficient season it would be as easily forthcoming from the hands of the producer as from the speculator.

The exceptions which these writers make are in cases where the farmers become speculators themselves, and this, to me would be the more natural order of things.

It would be a good thing for society if farmers themselves were able to withhold their produce from the market when an abundant crop appears, instead of dealers

buying it at the cheapest price. It would be much better for the farmers to reap the benefit than for the speculators. It will always remain true that the gains of speculation are made from the advantage to be derived from want,-or in other words, from a scarcity of goods. It is true, that the speculator may be disappointed,may not realize as he anticipated when the price was highest;yet it remains true also that if he did not usually realize,the incitement to speculate would be lacking and there would consequently be no speculation.

The word itself presupposes the presence of risk,and it is this risk that the speculator takes. How ridiculous the assertion,then,that the speculator does not gain,but society. But these writers go on to assert that if they do gain,they gain at the expense of other speculators,these gaining being only such as escape from a recoil always sure to come.

Yet we are aware that when a commodity is high in price,-the period when speculators reap their gain,-people must consume just the same as when they are low in price in the case of real necessities; and if this is true, it would seem that the consumer pays the gain which the speculator makes. If, when the recoil comes because the market is relieved of its scarcity,some portion of the speculators lose,just at that period is not when the fortunate ones made their gain,but before the recoil took place. They made their

gain at the period when the consumer was in want. The speculative loser makes his loss by failing to measure accurately the conditions of supply and demand.

I give small space to this phase of the subject, because it is so apparent that without gain speculation would not exist, and that there is no possibility of a system of gain unless we have consumers from which we may reap,

On general principles, then, speculation must be regarded as a violent factor in the fluctuation of values, and creates a disturbance of that equilibrium in price so valuable and so essential to the stability of society.

To suppose that the best welfare of society can be attained through the unequal prosperity of one class, or to suppose that individual profit and interest are the best promoters of that welfare, in as much as to assume that properly to build the pyramid the apex should first be builded.

If the whole of society were philanthropists, or if what an individual gathered went to the common stock of humanity, society need not be particular about individual gains; but while these are subtracted from the general stock it cannot be true that their accumulation is a great benefit to the whole of society.

When capitalists become dissatisfied with a low rate of profits or interest, and take themselves away from the ordinary course of safe mercantile gains, there will still be produced what society demands;

and if it chances that the poorer strata of society takes up the work without the aid of capitalists,-so called,-it will be very much better for the poorer strata who in turn will commence to accumulate the needed capital,and the disappointment of their predecessors need not be deplored.

I do not mean by this that capital is to be ignored. While industry lasts it will always have a healthy existence because nature will still yield an increase;but if the capitalist changes individually, being the whole body of producers instead of he who now provides the funds for the consideration of a bonus,the change will be a very beneficial one to society.

As society exists at present, as industry and population progress,the distribution takes place not only among individuals, but also between them and rents, profits,etc., so that whatever is diverted to these latter separates itself from a common hoard and becomes an individual accumulation.

Now an increase of property is desirable from an economical standpoint,because any increase of property contributes in some manner to the well-being of society But the well-being of society consists, not altogether in what it needs and must have for sustenance from day to day, but in that which will upbuild and make it better in the hereafter.

What,then,is the reasonable destination of property and wealth, becomes, at last,

the question of paramount importance, and if I failed to realize this fact I should come far short of the proper conception of a work of this nature.

Economic evolution will never be perfect unless it is subservient to moral issues. I mean to say that if the society of which the world is composed is not superior to the individual in religion, in all ethics, and in politics, it is on a wrong basis. It is no less true that if it is not superior to the individual in matters of exchange, it is similarly wrong, for a law which so underlies the well-being of society cannot be broken in any particular without damage to the institution.

It is the realization of practical needs that causes the evolution; and whatever theories may be propounded from time to time will not triumph nor be accepted as right only so far as they commend themselves from this starting point.

It will be to the advantage of every one if, ignoring the individual who is selfish, his interests are controlled by public edict so as to serve well the principle of equity. Statesmen whose acts or whose enunciations of principle are at variance with this should be compelled either to enlarge their moral vision or to leave the field.

The State should be neither passive nor aggressive; it should occupy that ground which every one is able to comprehend and appreciate,-that its powers are executive only.

Ignoring the selfish individual interest, then, it is to the State that we must go not only for the redress of present grievances and wrongs, but for the improvement of the common weal, since the State is but the expression of the needs of the people unless diverted from its true functions.

If wrongs exist it is because the State sanctions them, either through misapprehension, or from policy. If it is owing to the former it ought to be corrected; if to the latter, it should be punished. For the government of the United States is not above the reach of its people, and it is the business of society after all, to see its own welfare safeguarded and perpetuated. If the government abstains from action it is because the people do not let their voices be heard, not because the government will not listen. For me or any other individual to attempt to formulate a scheme for the betterment of society ought to be idle, unless that scheme is so apparently true and right and consistent with well-being that the whole of the people can and will spontaneously sanction.

No leader who fails to comprehend that selfish individual interests are antagonistic to the interests of a whole body should ever be recognized. Party principle and allegiance are as nothing compared with the true public interest. All men should fully realize that no stage of the world's growth is an ultimate stage, but

only one in the countless number of steps which it tales in its evolution, never for a moment remaining stationary, so that while today a political party may have a special mission to which it is well adapted, tomorrow the stage of evolution demands a different action, and hence, different actors.

It is for this cogent reason that I deplore strict party affiliations. If every member of society would act, and act consistently and conscientiously, in exercising the right of suffrage, casting aside preconceived opinions incident to time and place, party affiliations would cease and leaders would be selected according to merit. Why should it not be so?

If we select a guide, a teacher, we do not select one who is dissolute, mercenary, or incompetent, for the reason that he belongs to a particular party with which we are affiliated. If we form any kind of an economic association we do not choose the executive because they are bound to us by party ties; nor in any of the social relations do we give stress to the party affiliations of the individual in choosing our associates and friends. It is the fitness and aptitude of the individual which commends him to our esteem and confidence. Of course I am speaking now of political affiliations.

The reason why we so choose appears, when we stop to reflect, that the whole condition of political life is equivocal, both as applied to the individual and the government. Nobility and harmony of senti-

ment and of action are not yet attained; but both sentiment and action are too spontaneous, born of the exigency, or seeming exigency of the hour and without due consideration of the consequences tomorrow or next year.

Thought and experience combined will do their perfect work if allowed their scope, but we do not wait for them. We act upon impulse, and the result of such action is that society is constantly one vast creature of impulse, multiplied into thousands of forms and tendencies.

So long as mankind continues to throw one selfish interest against another, no real equilibrium in sentiment, will appear, for the contact will prevent. It is only by persevering in one general underlying current of thought and agreement fitted to apply to the whole economy of society that right, perfect, and harmonious action can spring.

If, then, a principle is right, no matter what may be the party affiliations its enunciator may hold, he is worthy of being honored for right principle.

There is science in evolution, but it will not accomplish itself alone in human affairs. Let one class of men become the leading power for a generation, even, and they will stamp the public policy tremendously for good or ill, yet within the province of government authority lies the remedy for all political evils, as well as the correction of any social

abuse which affects general society, for it is the safeguarding of those interests which gave rise to the government.

I am aware, somewhat, of the sentiments which guide Mr. Herbert Spencer in his writings protesting against government interference, and while willing to pay tribute to conservatism, I am unwilling to shut out the great majority of mankind from its working.

Sound, enlightened judgment in the individual is worthy, indeed; but if it is applied only to a portion of society instead of the whole, it ceases to be sound and destroys its right to consideration.

While governments exist it is to the government that society should look for progressive action in the evolution of economics, since society alone has no other means of affecting its subjects, the government being its concentrated force for the purpose of action.

In summing up, then, it seems that concerted and concentrated action is what tends to perfect evolution, a reciprocity which is real and not partial, a general and generous principle which embraces the well-being of a whole society of which no worthy member is preferred. It is integrity of character upon which the structure of society must be builded if it is to endure, and not the tinsel of wealth or any form of exclusiveness, and I shall go forward in that light to what would seem to me the forms which would best solidify and systemize these views.

RECONSTRUCTION

"The disciple is not above his master: but every one that is perfect shall be as his master."

CHAPTER XLII

LAND AND PUBLIC SERVICE

My analysis in this portion of my work will naturally be combined with deductions from what has preceeded it, and in the strict orthordox light, only partially economic, because it is my desire to devote myself more particularly to the elevation, not of the working portion of society exclusively, but the whole body of which the worker forms so large a part, and necessarily my treatment of the subjects will embrace the social and political, as well as the economic elements.

I will commence by saying that throughout all the forms of social and economic life there runs one great though unwritten requirement, Society demands credentials.

The credential required from the individual is proper resources with which to conduct his enterprise. It is the same with the bank, the insurance company, or the joint stock corporation.

In social life, in the absence of wealth, the credential must be a solid integrity of character or some extraordinary talent, and if the person has wealth solely, his credential will be qualified and limited.

In church or other associations, the credential required must be worthiness

and sincerity.

A principle so generally recognized should be consistent and should not fail in any part in the economy of society; yet when we arrive at the summit of our social and economic edifice,-the point from which should radiate the guiding principles of a people,-we find that this most important quality is lacking in perfection.

A joint stock company, formed for the transaction of business, if its shares are divided among its promoters without any provision for its treasury, is stamped at once as a stock jobbing operation, whatever funds accumulate from the sale of stock going direct to the pockets of its promoters, those who contribute being the sufferers. Even if this condition is modified and a proportion only is reserved for treasury purposes as in the case of most of the trusts and combinations so common at present, that proportion which the treasury gains is either inadequate to do the work, or to earn a dividend upon the whole stock by any means, and it is apparent that those who have promoted the dishonesty reap the benefits, not from earnings, but from the sale of an almost worthless stock.

Yet in the formation of a government a very similar operation takes place to that which I have cited.

The society of a nation is based upon individual rights of possession and these rights beget wealth to some and deny it to others,-a contrast so striking that it

has been the subject of more literature than any other problem of human existence, It has occupied the attention of preachers, statesmen, orators, and philanthropists,-has moved even the wealthy to devote time, talent, and resource to its solution and alleviation, yet it remains the most stirring and undetermined question which engages the world after its many centuries of existence.

Is it not time to inquire if governments are formed on correct principles?

The United States, believed by Americans to have the best form of government in the world, with an original territory of immense extent and subsequent additions which extend it from sea to sea, began its existence assa borrower without security because of the existence of individual rights of possession in land, not by the whole of its people, but by a portion who held in possession, and notwithstanding the fact that the treasury is supplied through a revenue derived from systems of taxation from year to year, it has continued a borrower. It has never formulated any general system whereby it could earn the money which it is obliged to spend.

This is true of the government which society has formed, but throughout all the economics, social, political, and industrial which it is intended to guard and foster apart from inherited property in land, it demands by its laws that whatever is possessed shall be earned.

Had such been the system inaugurated at its commencement there would have been no individual possessions in land, for the trust would have been vested in the government.

There prevails in England and some other countries a system of primogeniture whereby the ownership of land passes to the eldest son, presumably to favor the perpetuity of massive estates, and by the right of entail the proprietor may absolutely prevent his estate from passing by inheritance otherwise than as he has prescribed, through countless generations, each successive proprietor having only a life interest.

The laws of France, on the other hand, declare that inheritances shall be equally divided among all children of the proprietor, or in failure of children, among the nearest of kin.

How little was it apprehended when either of these systems were framed how closely they are allied, each in its own way, to a recognition of the great truth that land is but a trust.

In the one case, it was intended to safeguard large hereditary fortunes or estates, and perpetuate a nobility, - a perfect world form in miniature. In the other it was intended to promote the principles of democracy, levelling society to one common bond of fellowship.

Were either system applied to the world instead of to individuals, it would embody a better form of society than we now have.

The mischief lies here, as elsewhere in the framework of society, in individual interests in land.

Let us examine for a moment the effects of primogeniture on the individual, leaving aside for the present any consideration of younger children who are left unprovided.

Dr. Johnson, than whom, perhaps, no writer was more a stickler for hereditary inheritance, is quoted by Hill as saying of primogeniture that it "makes but one fool in the family." This is an exaggerated slur on the aristocracy of England, but there is no doubt that through the independence with which large possessions endow a man, ambition is dulled and the active and healthful mental struggle for education encumbent upon other men to equip them for the service of society does not seem so necessary, and indeed to many seems a grind, to which they will not stoop even to acquire knowledge, and in many cases only the most superficial education is the result.

It is the pernicious outcome of unearned wealth; the state to which accumulated wealth dooms a future generation of favored individuals, debarring them from the most healthy exercise of that energy that springs from a necessity which the individual recognizes and fulfills whose passport to society must be his talent, his knowledge, or his virtue.

This is merely the social and intellectual aspect, beyond which are the tremend-

ous proportions, the political and economic, embracing as they do all the industry and all the statesmanship of a nation.

Under a system of inherited, and especially of entailed property, and the exclusive aristocracy which they create, to attain to or to perpetuate splendor is the fatal ambition which prompts such extravagant expenditures that many of the large estates are but a huge mass of debt, an incubus that weighs down the possessor from birth till death, so that he could not, if he would, promote industry and the well-being of society, and for this reason it must often be a lamentable curse, while even the property of which he is the nominal owner must suffer from lack of means to improve it.

How much better, even from the standpoint of the land owner, if land was a trust held by the government for the benefit of the whole of society, capable of being passed from one possession or tenancy to another, with provisions which would secure a right of occupancy as long as the terms of lease were not violated.

It is a well-authenticated economic truth that land is the most efficient instrument in the hands of man for promoting his welfare, and it follows that whatever impairs its usefulness is detrimental, while whatever adds to it is just so much garnered fruit from the bounty of nature.

Every member of society should be com-

pelled, not only to earn a livelihood, but to improve whatever comes to his hand, so as to leave it better than he found it, whether the field in which he labors be intellectual or physical, for by no other process can the whole of humanity advance to the higher stages, and in no other way can man discharge his obligations to posterity.

"Laissez-faire" may do for invalids and imbeciles, but it is not a rule applicable with any propriety to those capable of attaining a condition better than they enjoy. Man is a creature of action, and he should never become inert until old age incapacitates him for longer exertion. Capability is an endowment, and it should pay the premium which nature demands in honest effort.

If one member of society remains idle, resting upon inherited rights, there is no method left for the equitable adjustments of society.

Collective interests are superior to the individual, and indeed they must be so or we should have no governments.

If then, individual interests prevent society from enjoyment of nature's bounties fully, and if society is not in any way benefited, but is impoverished because individual interests impair man's best and highest powers, society should decree through its government the power to adjust the differences according to reason and justice. It would be an emancipation

to the aristocrat if he were placed in an attitude to do his best and thus made a live factor among the great mass of humanity in economic evolution in the productive arts.

I do not deprecate possession, but it should be possession earned, and not inherited, and I know of no way through which man can be elevated to the active and earning mass of society except by restoring to nature the land which has been usurped and making wealth conditional upon the movable things capable of being wrought by his hands.

In conclusion of this portion of my subject, although history does not show the commencement of individual ownership in land, wherever and whenever it began it was owing to a misapprehension of man's rights on the earth, and in the formation of governments in more modern times the custom thus established has been followed, not through any inherent virtue which it possesses, but because precedent so often establishes a custom unworthy of existence. At no stage of the growth of society has it been satisfied with the unjust innovation yet at no time has society been consulted as to its will.

Had the question been discussed and put to popular vote, the result would have been that land would have been made a great trust vested in the government.

It is not, then, through the will of society that ownership in lands is vested

in the individual, but through the will and custom of a portion only and the unwilling acquiescence of the remainder.

The outcome is privileges and immunities for the few and deprivation for the many.

If this was a necessary condition protest would be unreasonable and uncalled for; but whatever may be said of natural dependence, it is undeniable that a very large majority of those doomed to dependence have natural aptitude and talent equal and in many cases superior to that possessed by those favored by wealth and the independence which it bestows. It is not, therefore, a necessary condition, but one which circumstances determine.

If the land trust was vested in the government, the occupancy might be a privilege accorded to its citizens by virtue of whatever improvement each one made through cultivation, the tenancy could be transferable in case the occupant was found to be unworthy of his privilege, so that instead of an obnoxious system of taxation a natural system of rent could be inaugurated furnishing a revenue which would go far to discharge the expenses of the government. No burden would be felt, because the rent, properly rated, would be according to the gain or benefit derived by the occupant.

Under such a system no one individual would rent a township, but only land of such dimensions as were suited to his convenience and needs, The unoccupied

lands would thus be held open for the use of newcomers whose privilege it would be to occupy upon like terms with their fellows.

In the case of railroads and canals, the government has surrendered control of rich territory comprising, according to recent authorities, a value of no less than $153,383,632, which doubtless is a very inferior valuation.

The fact that government controlled these large tracts and still controls other large tracts, though they are yearly growing smaller and more inferior in value, suggests a few pertinent questions.

If the government controlled any portion of the land, why was it that it did not originally control the whole?

Since individual ownership is a recognized right, how did it happen that any land came under the control of the government?

I answer in this way. Such control at the time the Constitution of the United States was adopted would have been impossible. Although the Constitution had been virtually adopted, there was an interim of six months during which there was absolutely no government.

The nation was a small one over which Washington was called to administer, consisting of no more than four millions of people who were scattered over the territory on the eastern or Atlantic coast, and these were mostly farmers who live on

the produce of their lands, which had been loosely acquired in a variety of ways. Without intimate acquaintance or relationship, the people were imbued with prejudice toward remote sections of which they had so little knowledge, and wholly lacking in that sentiment of union which under the Constitution just framed should have bound them together.

So weak a tie would have been easily broken, and had the newly formed government attempted to control the lands which it covered, the half-formed union would have fallen to pieces and its people drifted back to English Sovereignty.

The only method by which they could be kept in any national union was by recognizing whatever individual rights happened to exist by virtue of conquest or of purchase from the red man, or by peaceful possession through really nullified patents or grants held under the former sovereignty of England which the red man had left behind him in his flight beyond the Alleghanies.

Hence the lands over which the government held control were thus controlled as the result of jealousy between the new States of the Union in this wise:-

There was a large section northwest of the Ohio river comprising what are now the States of Ohio, Indiana, Illinois, Michigan, and Wisconsin, which was claimed by virtue of old colonial grants,-although no virtue could exist in them after the Revolutionary war without some sort of

enactment by the new government confirming the titles,-by Massachusetts,Connecticut,New York,and Virginia.

Maryland,over to her credit, refused to join in the confederation existing before the Constitution until all these States agreed to cede their several claims to the United States,which they finally did.

This clothed the government with the authority to control the whole of that magnificent domain. Later, by a cession from Georgia another considerable area south of the Ohio was acquired by the government.

It was a noble piece of work,and had it been possible to extend this sovereign control throughout the whole area of the country,would have presented a spectacle and an example for the whole world to admire. All other territory since controlled by the government has been acquired from other governments by treaty or by direct purchase,but in each case,former individual occupation of land has been accepted as a rightful ownership wherever it existed, thus depriving the government of the privilege to fix and determine a system of rents for the benefit of the revenue.

That it is a rightful and proper prerogative of the government, however, is fairly proved by the original surrender of the great northwest territory above cited;and had it been possible,no doubt, when the Congress assembled for the first time, the organizing genius of Hamilton

and the tact and foresight of Madison would have prompted them, instead of assuming to pay the confederate debt, so as to give the Union strength in the eyes of foreign nations, to have assumed control of all the domain.

But it was necessary, or seemed to be so not only to give the new nation prestige abroad, but also to bind the States more closely under the national form of government.

This measure, which virtually placed the government in insolvency at its very birth, from its apparent (though I cannot think real) expediency was adopted without opposition, and land, instead of becoming a tenure, became by tacit acquiescence an ownership vested in the individual. I am not aware, however, of any enactment ever having been made whereby the government became its protector except through such construction of the laws relating to property and contract rights, and these make no specific mention of land.

Without the investiture of land, there was no resource left for raising a revenue except by Federal taxation, the result of the first direct tax being an insurrection quelled only by a resort to arms.

The tax was on whiskey, but had it been levied on any more worthy enterprise the result would no doubt have been the same, - man's rebellion against any yoke which savored of tyranny.

Any system ever imposed bears unequally

upon different members of society and it seems a strange thing that society does not perceive as the reason for this that governments as they are constituted do not perform recognizable services as an equivalent for the funds necessary to be extracted from it for their maintenance.

I quote from a speech of Attorney Gen. Knowlton, delivered at the annual dinner of the Real Estate Exchange, February 2, 890. He says:- "The old doctrine when a man died was to give his property back to the state. What right have we to property our father owns? How do we get our right to it? Chief Justice Field didn't think so when I once argued the case before him, but he admitted that the state had a rational right to say who should have it."

Here is some most excellent authority on the subject from two eminent men in their profession which I commend to thoughtful consideration.

But land is not the only means possible to government service.

There is much more service which in its nature is public, but which is governed and controlled by individualism, which if owned and controlled by the government would be a means of earning instead of taxing, the only sufferers being those who are engaged in enterprises in which service is rendered to the whole of society.

I shall proceed to discuss these in the ensuing chapter.

CHAPTER XLIII

INDIVIDUALISM.

A government is but the apex of the institutions of a country, dependent upon its constituents for existence.

People are apt to regard it as a thing apart from general society,-a power to respect and to obey with the awe which a superior being or order usually inspires.

This is in a measure true,yet the government is so interwoven with the fabric of society that it pervades and permeates the whole as truly as the servant,always within call, attends to the wants of the family, or household.

It differs in this particular, that by the will of its people it is clothed with authority and dignity so as to inspire respect and obedience. If administered in a manner which will not do this, it is superceded by another which will better answer the purposes for which it was formed. Hence,clothed with so large an authority, it should be so constituted that it could perform all the service of a public character which society demands, and to do so it should exercise all the functions belonging plainly to such service.

The government cannot do this while the

ownership of enterprise devoted to the public service is vested in individuals or corporations. On the other hand, while the government grants a charter for such, it not only robs itself by so doing, but it enables such enterprise to rob it of a revenue flowing from the natural wants of its people which, thus diverted, goes to individuals conducting the enterprise instead of flowing back to society through the remission of otherwise necessary taxes for the maintenance of the government in its expenditures. It is, then, an injustice which the government perpetrates upon the whole body of its members which inures directly to the benefit of individuals and corporations.

Any system of taxation is obnoxious to a people, and the only reason why it is necessary is because of the poverty of resource in the government, which compels the resort to some method by which its expenses may be paid. But were even the whole of the land in the United States created a public domain, no system of rents which its power of increase under cultivation would warrent, either in agriculture or in increased value in centers, would be adequate to pay the expenses of the government. It would be necessary to have other sources of income by payments for service which it might render. Hence land is not the only trust which should be vested solely in the government.

As it is an institution, by and for the people, and the servant of the whole of

society, the government should hold as a trust all enterprise of a public character, by which I mean all those from whom the whole of society demands service, or is liable to do so, the charges for which service should be adequate to pay all the expenses of the government.

At the top of our structure of government we have a protective system through which the good order of society is maintained, because since man is a creature of exertion and sacrifice he should be entitled to and protected in his right to reward. If he sows faithfully he should reap; if he labors with his hands he should enjoy the fruits, and if he abstains from immediately present enjoyment it should remain secured to him for the future.

Whatever, therefore, is honestly and laboriously acquired, should not become a matter of controversy between individual members of society, and law and order can be entrusted to no guardianship so safe and sure as that of the government.

I begin, then, with what I conceive to be an inconsistency in this pinacle of our government structure, and in so doing I quote from an article in the New York Journal bearing upon the point which I desire to discuss. The quotation follows:--

"The badgering of witnesses by lawyers is an extremely common thing. Reprimands from the bench being few, the average lawyer conducts a cross-examination on the tacit assumption that the witness is a perjurer, whose place is behind prison

bars. The victim is tortured with personal inquiries, assailed with innuendoes, and so harassed and cowed that his testimony is made valueless."

"A witness who possesses important knowledge about a criminal case, or one where much money is involved, risks his reputation when he faces the lawyer who represents the side that may be injured by his testimony. The impression must be made in the jury, at any cost, that this particular witness is unworthy of belief."

"Physical chastisement of this class of attorney is not the remedy for the evil." "The indignant witness who waited in the corridor for a lawyer who had viciously questioned his veracity and battered his head against the wall may have made that offender more careful, but it will not deter others of his like. As long as the fees are big enough lawyers will be found who will attempt to make the losing cause appear the better by brutal attacks on defenceless witnesses."

The truth of the above is too well known to require comment.

To insure the safe administration of justice, the Judge belongs to a national or a state system and thus is sustained by the whole of the people, and having nothing to gain in honor, and nothing to fear from public opinion, is likely to render an impartial opinion.

The police, also, and the army and navy are direct government or municipal ser-

vants, serving under government pay.

The lawyer should in like manner be in the service of the government.

If lobbying in legislative halls where the laws are framed is pernicious to the interests of society, that species of pleading before a tribunal of justice based upon technical points for the sake of gaining an advantageous construction on the wrong side is equally so and ought to be forbidden. Especially is this true in a trial by jury.

No lawyer, therefore, should be allowed to practice except under government pay, and the government should look to the party in the wrong for remuneration for service.

It is a part of what the government owes to society to render it the most perfect and absolute justice, and thus remove to the greatest possible extent every particle of uncertainty. This in most cases would make litigation unnecessary, and in all the rest would not only obviate the necessity for long delays in rendering final judgment, but would also prevent in most cases the triumph of the wrong side, too often successful because either through abandonment or through compromise the best ends of justice are not secured.

Thus the moral influences of the law would be felt and probity and fidelity to engagements would prevail through the integrity and trustworthiness of those who construe and administer it, evasion of

honorable obligations would not be sought through chicanery and fraud, nor would riches succeed in resisting the ends of justice, nor crime be visited with less than its just penalty.

Because barristers are dependent upon their professional fees, their pecuniary interest and their desire for notoriety prompt them to promote, defend, and establish an unjust cause; hence arises discrimination between rich and poor, and there ensues deterioration of the moral sentiments of a people.

Were lawyers removed to the higher plan of government service, these pernicious results would disappear.

Next in importance, as we approach the enterprises which form the basis of our prosperity we easily distinguish those comprising the railroads and canals, the great steamship lines, the telegraph and telephone, the carriage of merchandise by freight and express, the banks, and the insurance companies.

These are all distinctively public enterprises, each one of which yields such a margin of profit without unduly encumbering the people that were they vested as a trust in the government, with discretion as to rates and charges for the privileges conferred, the whole of the government expenses could be discharged from the proceeds without levying a tax otherwise upon the people.

Yet when the Erie Canal was begun in

1817,so little could people imagine its usefulness and pecuniary benefit that during its construction,a period of eight years,it was called "Clinton's big ditch" from the enterprise having been principally promoted by De Witt Clinton, the governor of New York.

It was thus that New York, through the connection opened up with the interior, and allied means which the canal made possible,became the metropolis of the country commercially, and the government lost its opportunity to control the first large public enterprise and divert its income to government uses. Individual interests overshadowed and swallowed up those of the government.

Then followed steamboats and railroads, the first of the latter being the Baltimore and Ohio,followed rapidly by thousands of miles of roadbed equipped with rolling stock capable of transporting people and merchandise from one section to another,through which means American spirit and energy began a swift transformation of what had before been a wilderness into a fertile,prosperous,and populous country. Here,again,had the government taken the innitiative,the vast enrichment might have made it the most opulent power in the world,-but in the absence of government action individual energy monopolized the enterprises and are still reaping their fruits.

The protective tariff systems which at

this period largely occupied the attention of public men was never an economic movement, as related to the whole of society, but on the other hand, was political.

It began because England could furnish manufactured goods more cheaply than could America, besides which a better article could be manufactured abroad; and although naturally society in general preferred English-made goods, the political influence of the American manufacturers was sufficient to induce the Congress to lay a heavy tax upon goods brought from England. It was an old time principle; but although urged by Hamilton early after the government was formed as a good method of protecting home industries, individual interests in manufacturing had not then advanced in proportion to those of agriculture, and the project at that time was defeated.

Now, however, in 1816, when the manufacturing industries had grown and spread over the northern States and the cotton interests began to feel the need of an expanded market for its products, a coalition of interests was formed through which the Congress formulated its first protective tariff, both in the interests of the planter and the manufacturer, and also as a means to obtain a revenue by the government through a system which made it necessary for its people to pay more for goods than they were worth.

Again individual interests triumphed

over those of society, but this time under a peculiar guise. It was reasoned that if the United States could use her own products and manufacture her own goods from them, selling them to her own people, each section of the country would be mutually benefited and would prosper. It was a true doctrine as applied to the individual, but if applied to the whole of society it failed.

Passing this period, which is not strictly in harmony with my present subject, and following the trend of public affairs, we find that the great undercurrent of public opinion was concerning the powers of the still comparatively new government which had sprung into existence, one side claiming that under these powers, the government should devote itself to a system of public improvements,—the making of roads, improving rivers and harbors, etc., and the other claiming that all such enterprise belonged of right to individuals or corporations.

Here, there was an opportunity for the government to promote the welfare of its citizens by espousing public improvements; but owing to the manner in which it was sought to raise the revenue for the purpose, by laying of duties upon imports, which was already becoming unpopular with many, the movement known as the "American system" was defeated, and its development has depended almost wholly upon individual enterprise as in other broad avenues from which profit to the individual is

derived.

To this period, the mistakes which had been made were no doubt more directly due to a lack of foresight than of loyalty to republican sentiment, those occupying public office being more actuated by patriotism and a desire to promote the well-being of society than merely an ambition toward political aggrandizement.

Now, however, political power assumed a scope which gave rise to a new and different order of politicians, growing out of a pernicious system in New York and Pennsylvania by which appointive offices became the rewards for political service, and individuals who could claim no merit apart from having secured votes for a successful candidate for office obtained many which would have been more competently filled had no such system been in existence. Thus government office came to be sought for what it would yield pecuniarily, and the practice developed until under Jackson's reign in the residency two thousand men were turned out of office so as to make room for his own appointees, under the declaration that "to the victor belongs the spoils" originating with W. L. Marcy, of New York, and inaugurating a system of low and vicious tendencies from which politics have never recovered through all the intervening years, the effects of which have discouraged high and lofty statesmanship, making them the exception instead of the rule. Hence it is no wonder that true economic principle

has been sacrificed to party policy and intrigue.

There is always a portion of society whose aim it is to press to the fore through purely aggressive effort.

It should be the aim of all good society, of whatever party affiliations, to prevent such from obtaining office, since this is much more important than party supremacy.

Indeed if there is one point in our national systems and tendencies the weakness and viciousness of which is more prominent than others it is the subordination of national interests to those of the individual, and if there is one branch of education more necessary for the masses than any other it is that which teaches how to discriminate between men and measures whose aim is the best and truest interest of all the people and those aiming to secure gain to the individual or clique regardless of the interests of society as a whole.

Individual interests have been the cause of all the great calamities of the nation.

They caused the framers of the Constitution to omit a declaration of the right of government control of the national domain; they guaranteed them equivocally in the fifth and ninth amendments to individuals without specific mention of land; they saddled the new government with the national and State debt; they obliged the Congress to raise a revenue for the maintenance of the government, incidental to

which was the first insurrection, they gave birth to strict and loose construction of the Constitution and to protective tariff, the spoils system and rotation in office; they caused the War of the Rebellion, and have occasioned land grants of immense damage to the government for the construction of railroads, denying to millions upon millions of people, generation after generation, to fulfill a higher destiny.

Those millions are the receivers of wages under a dependent system owing to the few hundreds proportionally having secured better opportunities for acquiring power and control, and while there should no doubt be a free field for so noble a quality as emulation, yea, for competition, the government, if rightly formed, and conducted, should husband and foster all the talent and skill possessed by its members. To this end, no one should lack opportunity to cultivate the best that he has, and find recognition from society.

Nor can any other system, under the advancing strides of education with the masses, prevail, except for a time.

It is well to anticipate changes and prepare for them, and in this respect the working members of society are far in advance of either the mercantile or the professional men.

While the former realize that it is through the aid of the government in one form or another that they must gain the end of justice, the latter intrench them-

solves within conservative walls and fortify their position with old time maxims which have served in earlier periods, forgetting that they served only through the will or the tacit acquiescence of the people which is daily being stirred more and more in the opposite directions, through broader intelligence and closer communication gained from the lecture room, the press, and rapid and easy transit.

It has truly been said that a community cannot be entirely composed of business or professional men, since manual workers are essential to its existence; but the development of the present age intellectually proves that because the man is a manual worker he is not debarred from thinking and acting independently, no man being so poor that he cannot do this.

The time is rapidly approaching; therefore, when he who employs will be put upon the defensive.

It is no part of my intention to assist in agitating a question so liable to precipitate a crisis, but if our individual system is not in accord with the best interests of society it is the duty of every one to attempt to show wherein the antagonism lies and thus assist in establishing harmony in our institutions.

I shall try to show why our industrial and mercantile interests are not builded upon correct principles, and shall deal mainly with those classes from which the public generally demands service, because

those should form the nucleus in method for all other business enterprise.

We have seen in preceding pages that system after system has been inaugurated by the government whereby fluctuation might be avoided in the currency of the nation, and how well it is adapted to the needs of the people at present.

Such an accomplishment is one in which any government may take just pride. Equally proud may the government be of its most efficient postal system. But such efficiency never would have been attained to the good and general accomodation of all classes and conditions of men under the management of individuals.

The postal system, however, lacks one element essential in a government institution. Instead of yielding a margin above the necessary expense of maintaining it to apply to the general revenue, as does the patent office, the carrying rate is so low that it causes an outlay.

Were the same principle applied to any private enterprise the promoter would be stamped as deficient in business capacity.

A thing, if useful at all, is worth what it costs. This, in all commodities, is the rule that makes the value.

The argument used in favor of low rates of postage is the benefit derived by the whole of the people, but of what avail is it to furnish a low rate of postage and thereby necessitate a higher tax in some other direction?

There is no possible system of taxation so easy to bear as that which is the result of direct service, as is shown in all business, the products of which, if not exorbitant, yield a willing marginal return from the people, as in transportation, telegraph and telephone service, etc.

Were the rates of postage raised sufficiently to leave a margin for the government, with the exception of a momentary complaint, the people would willingly acquiesce; instead of which we frequently notice a striving, if not an intention to lower the rates as they at present exist.

Nor would there be reason for complaint if the government assumed the control of railroads upon a similar basis of rates as now prevail under the management of corporations, while it is eminently fitting that they, together with telegraph and telephone service, should belong to the government solely, not only for the good of society, but also through its service to society to benefit the revenue through methods less obnoxious than by taxation.

In our age, it has become a matter of no disrespect to our forefathers that the country has outgrown the Constitution.

Natural developments continually tend in that direction, and it is no new thing for the Constitution to "grow" as has been said by Sir James Mackintosh, to meet new requirements of society. Had our Constitution no power of growth we should not have had the fifteen amendments.

CHAPTER XLIV

ORGANIC ADJUSTMENT

Not only has our constitution grown by amendments as mentioned in our last chapter, but it has been changed in its operation through judicial interpretation and the quiet acquiescence of the people. It will continue to grow by the same means, either through new interpretations by the Supreme Court of the "elastic" clause, or through legislation and approval whenever any great exigency demands it.

Still taking, therefore, the United States as the best type of government, I shall specify more particularly now some of the inconsistencies of our social system.

It seems idle to discriminate between a rich and a poor class, since no generation passes during which there are not so numerous mutual changes, the rich becoming poor and the poor becoming rich, that to imagine a stationary state is ridiculous.

It is upon this ground that it becomes apparent that what is good for one class, so called, is good for all, and in discussing this subject, therefore, there needs be no inference drawn either in favor of the one or the other.

In conversation with the manager of a mercantile agency the writer was told

that the changes in business in the city of Boston are so frequent that a new record becomes an old one in three months, necessitating a new record of the changes.

It is equally true of other centers, and well illustrates the vicissitudes of industrial and trade pursuits in which most capitalists large and small are engaged in America.

If such a state were possible to man, that most desirable would be one in which all men had and were satisfied with a fair competence, and there was no scrambling and pushing for riches.

Just at the present writing current journalism, and I may say also statesmanship, bubbles over in enthusiasm for trade expansion.

It is no part of my plan to discuss this matter in detail, but I will venture to say that this enthusiasm finds its basis in the desire for greater production for the sake of greater accumulation, notwithstanding the country has already attained to the leading position in exports besides enjoying a most prosperous home trade. At such a period it would do no harm for industrial promoters to study carefully the history, the development, and the decay of the mercantile system, and not repeat the folly.

It is evidence of a lack of refinement when economical progress is subordinated to money making and the turmoil which it engenders. What is more essential, considered in an economic light, is that there

shall be such organic adjustment as will accomplish a more equal distribution.

This I conceive to be the greatest and most important missionary work of the age, and any treatise or any institution which tends in this direction should have the support and co-operation of the whole of society.

That such adjustment never will be accomplished through philanthropy is most certain, since too many are influenced in the direction of money getting to admit of a possibility for development through that mild and beneficient channel,—nor is it possible for philanthropists to formulate any system which society would adopt or even accept. It is only through a better remuneration for labor, and that labor fully employed, that the mass of society can ever be raised to a high level and bridge the gap between themselves and their more affluent neighbors, and I know of but one method of accomplishing those results.

A dense population is certainly an incubus, each member crowding his neighbor in the sharp competition in trade, and also in labor, that element which gives birth to trade, and were this class of the population less concentrated the result would be a better prosperity for all.

Under that society system which prevails, I doubt if there is any town which through its direct aid or through relief associations connected with churches, lodges, or clubs, does not expend in charity

every year a sufficient amount to build a respectable road or park, yet the whole of the aid thus rendered goes directly to waste, through consumption, Idleness made the charity necessary, and idleness is the consumer. What a lesson in economy is this!

The accumulated charities,-most of them no doubt deserved,-would, if saved, build noble structures, lay out parks, perfect the roads, bring natural beauty and grandeur under artful cultivation and make every waste spot a garden until each rod of ground would become so rich in beauty and resource that it would appeal to the noblest instincts as an accomplishment in unison with that Omnipotence which made it possible under the guiding hand of man.

Why should this charity be necessary except that with all the modern appliances for saving human labor, the whole wants of a people can be supplied in eight or nine months of the year? How beneficient the scheme which can supply employment for the remainder and so make labor self-respecting because self-supporting without the aid of charity.

I have no doubt as to the economy of labor-saving appliances, nor the wisdom of adopting them; but having them, it would seem expedient for man to reap the advantages which they bestow instead of wasting them in a closer competition in prices unnecessary to be lowered.

Never while such lack of adjustment

lasts will these changes be accomplished in human lives through which the depths of society are raised to a level more nearly corresponding with what are now its heights in comfort and convenience, for it is not by lowering the heights of society that the world will be made nobler and better.

With a view to develop a plan of organic adjustment calculated to effect a more equal condition between men I desire to crudely elucidate the problem of unemployed labor.

In the United States, according to the census of 1890 there was a population of 62,622,250, of whom 22,735,661 were engaged in fruitful occupations, or about thirty-six per cent.

Of these, about forty per cent were engaged in agriculture, fisheries and mining, about nineteen per cent in domestic and personal service, about fifteen per cent in trade and transportation, about twenty-two per cent in manufacturing and mechanical industries, and the balance, about four per cent in professional service. Let us sift these again.

Those engaged in professional service, in domestic and personal service, in trade and transportation, and those in agriculture, may be said to be self-supporting, and perhaps those engaged in fisheries.

Those in manufacturing and mechanical pursuits, and in mining, comprising together perhaps thirty per cent may, owing to pe-

riodic stagnation of industries, be said to be unemployed about one-fifth portion of the time, or about sixty days of the three hundred working days of the year, and their number is probably approximately 7,000,000.

In order to effect an organic adjustment of labor, therefore, so that none should be unemployed, it would be necessary to divert a portion of the above named number to another kind of pursuit which from its nature would yield employment and sustenance to them, who in turn becoming consumers of other commodities would make new demands which the portion of their number which they had left behind would thus be called on to supply, taking their portion of the products of the emigrants, as they may be termed, in payment.

This would seem to equalize the condition of labor.

The question in many a mind is, no doubt, how could this be done without crowding some other occupation? It is a natural query and I will attempt to answer.

There are about 600,000,000 acres of land specifically included in farms in the United States, only one-half of which are specified as "improved" farms. It is fair to presume, therefore, that of this vast area in farms which are absolutely owned as such, exclusive of almost measureless tracts not yet called farms, one-half remains idle or unimproved.

If it were vested in the government as a trust, on a very similar basis of occu-

pancy as at present, this unoccupied land would accomodate the labor of over 9,000,000 people throughout the year.

But this is far in excess of what would be required to equalize labor conditions, because for every person engaged in agriculture, other occupations absorb the labor of considerably more than an additional one, as is shown by a comparison of the present number engaged in agriculture with the whole of the number engaged in fruitful occupations, say:- 9,000,000 in proportion with 22,735,331.

Hence to perfect a system whereby the whole of unemployed labor might become employed, it would only be necessary to divert about 2,800,000 persons from manufacturing and mechanical pursuits to agriculture,-not for the whole of the year,-but sixty days only during each year to bring about the needed relief and afford all labor full employment, because by the same proportion which now exists in the agricultural ranks with the whole number comprising laborers mental and physical this 2,800,000 would give employment in various ways in the economy of society to the balance of the unemployed, or 4,200,000.

To present it in another way, if all land was vested in the government as a trust, the present unoccupied and unimproved "farms" lying without yielding fruits, might be open to the occupancy of whoever needed them, and they would suf-

fice to bring about a perfect economy of labor in production by more than ten, and nearly twentyfold.

What a reflection is this when we consider the suffering and want which poverty entails. Nor would we look entirely to far distant land. Hardly a farm even in New England but what has acres lying idle because the demand for its produce will not make prices adequate to a just reward for the labor and expense of cultivating. If we seek the reason for this abnormal demand, or lack of demand, we shall find it in the poverty of resource among the mechanical pursuits whose ample wants cannot be supplied from their earnings.

For it is to be remembered that the actual wage earner is not the whole of society, but including all the tradespeople and those in professions, only a little more than one-third of the population to be supplied; hence when 7,000,000 wage earners are bereft of employment they must represent more than twenty millions of people who have wants which they cannot satisfy because the means are lacking.

Is not this the result of individual ownership in land?

But there are problems to solve upon the other side.

In many cases the ownership of unoccupied land is so heavy a burden that the possessor sinks under it, weary and exhausted, so that what might be an unmixed blessing, to the whole of society is but

a curse both to it and to the ill-fated individual who is thus burdened.

The man who tills the soil must make a demand upon the mechanician, the artizan, the tradesman, the common carrier, and the teacher, bringing his produce in exchange for the favors he solicits, while they each reciprocally call upon him and upon each other for mutual sustenance. One side equalizes the other so nearly that, with proper organic adjustment through the diversion of a sufficient number to agriculture, or natural production, all other pursuits would be stimulated, and reacting upon each other would give prosperity through the newly added employment, in every branch. It would be exactly equal in its benefits to the introduction of a new and gigantic industry capable of building several large cities, so magnificent would be its proportions.

When the Congress is so frequently, and often so ill-advisedly "tinkering with the tariff" which is really in the interest of the promoters of industry to the detriment of labor, would it not be a beneficent change if it should turn its attention to a true economic system?

The land is ever fruitful. Its cultivation not only affords occupation and sustenance to the cultivator, but creates a necessity for mechanical productions which far exceed in importance any new or "infant" industry, and in proportion to which such industries dwindle into insignificance.

But the periodic stagnation in industries proves very plainly that in order to warrant an existence to new industry there must be adequate compensation in consumption, and this not simply in the article itself, but also in every other article of consumption, and especially the natural products of the earth.

I specialize these because they are the fountain from which all other enterprise must flow.

I attribute the poverty and lack of employment of labor, so as to be self-sustaining, to inefficiency in the development of soil production, which if remedied would at once begin an increase of wealth much more evenly distributed under a governmental system whereby every comer could be provided with soil from which to create it, other employment failing as under the Mercantile system in England, which had it been pursued, would have carried that country to financial ruin and driven her to the cultivation of her soil. It was the last in which David h

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Had a system been inaugurated in 1840 for a still larger natural production

whereby all labor could have been continuously employed, not only would the increase in wealth been vastly greater, but it would have sought channels of distribution which would have made a really poor man an exception at the present day, while no class of men, capitalists not excepted, need have lacked opportunity to prosper.

It is capital employed which yields capital in more abundance, and as fast as it is put into the poor man's hands the rest of society will feel the effects in better order, better morals, and better physical surroundings.

Every addition of comfort and competence to my neighbor is an addition to my own security and my prosperity, and it is a safeguard to the culture of my children.

It is through the uplift of the whole of society that the world is destined to attain its best state, and every movement in that direction is a proud legacy to leave to future generations.

Every economic movement, therefore, should have for its inspiration, not the interests of money or wealth, but the interests of mankind, which cannot fail to bring wealth. He who cannot comprehend this must have a nature warped by avarice and greed, for it is one of the immutable laws of nature.

It is a grave question if all the inventive skill of the ages has yet lightened toil, or indeed enabled industrial

promoters or those in trade with whom they are connected to make any larger fortunes, or whether in the lesser price of commodities brought about by the use of improved appliances there has been any advantage derived by the middle or any other class. To have such appliances justify their economy and elevate, instead of depress toil, there must be that premium upon the skill necessary to make them operative which that skill deserves.

If there is one thing above another in importance for the consideration of the statesman or philosopher, it is to raise the level of society. All other problems, however important they seem to be, are inferior to this because in no other is human destiny so closely involved.

In an age of expansion like the present, it may seem opportune to urge the desirability of a more moderate production, yet that must be the ground on which I proceed.

It is a strange spectacle when makers of boots and shoes crowd their wares to the furtherest portion of the globe while a horde of ill-fed, scantily clothed children pass their warehouses at home every day barefoot, and this is only a case taken at random to serve as an illustration.

It is a stigma upon our system of government when such a state is common if that state is through its inefficiency. and within its scope lies the perfect remedy.

It can hardly be expected that either

shall be such organic adjustment as will accomplish a more equal distribution.

This I conceive to be the greatest and most important missionary work of the age, and any treatise or any institution which tends in this direction should have the support and co-operation of the whole of society.

That such adjustment never will be accomplished through philanthropy is most certain, since too many are influenced in the direction of money getting to admit of a possibility for development through that mild and beneficient channel,—nor is it possible for philanthropists to formulate any system which society would adopt or even accept. It is only through a better remuneration for labor, and that labor fully employed, that the mass of society can ever be raised to a high level and bridge the gap between themselves and their more affluent neighbors, and I know of but one method of accomplishing these results.

A dense population is certainly an incubus, each member crowding his neighbor in the sharp competition in trade, and also in labor, that element which gives birth to trade, and were this class of the population less concentrated the result would be a better prosperity for all.

Under that society system which prevails, I doubt if there is any town which through its direct aid or through relief associations connected with churches, lodges, or clubs, does not expend in charity

every year a sufficient amount to build a respectable road or park, yet the whole of the aid thus rendered goes directly to waste, through consumption, Idleness made the charity necessary, and idleness is the consumer. What a lesson in economy is this!

The accumulated charities,-most of them no doubt deserved,-would, if saved, build noble structures, lay out parks, perfect the roads, bring natural beauty and grandeur under artful cultivation and make every waste spot a garden until each rod of ground would become so rich in beauty and resource that it would appeal to the noblest instincts as an accomplishment in unison with that Omnipotence which made it possible under the guiding hand of man.

Why should this charity be necessary except that with all the modern appliances for saving human labor, the whole wants of a people can be supplied in eight or nine months of the year? How beneficient the scheme which can supply employment for the remainder and so make labor self-respecting because self-supporting without the aid of charity.

I have no doubt as to the economy of labor-saving appliances, nor the wisdom of adopting them; but having them, it would seem expedient for man to reap the advantages which they bestow instead of wasting them in a closer competition in prices unnecessary to be lowered.

Never while such lack of adjustment

lasts will these changes be accomplished in human lives through which the depths of society are raised to a level more nearly corresponding with what are now its heights in comfort and convenience, for it is not by lowering the heights of society that the world will be made nobler and better.

With a view to develop a plan of organic adjustment calculated to effect a more equal condition between men I desire to crudely elucidate the problem of unemployed labor.

In the United States, according to the census of 1890 there was a population of 62,622,250, of which 22,735,661 were engaged in fruitful occupations, or about thirty-six per cent.

Of these, about forty per cent were engaged in agriculture, fisheries and mining, about nineteen per cent in domestic and personal service, about fifteen per cent in trade and transportation, about twenty-two per cent in manufacturing and mechanical industries, and the balance, about four per cent in professional service. Let us sift these again.

Those engaged in professional service, in domestic and personal service, in trade and transportation, and those in agriculture, may be [illegible] said to be self-supporting, and perhaps those engaged in fisheries.

Those in manufacturing and mechanical pursuits, and in mining, comprising together perhaps thirty per cent may, owing to pe-

riodic stagnation of industries, be said to be unemployed about one-fifth portion of the time, or about sixty days of the three hundred working days of the year, and their number is probably approximatel. 7,000,000.

In order to effect an organic adjustment of labor, therefore, so that none should be unemployed, it would be necessary to divert a portion of the above named number to another kind of pursuit which from its nature would yield employment and sustenance to them, who in turn becoming consumers of other commodities would make new demands which the portion of their number when they had left behind would thus be called on to supply, taking their portion of the products of the emigrants, as they may be termed, in payment.

This would seem to equalize the condition of labor.

The question in many a mind is, no doubt, how could this be done without crowding some other occupation? It is a natural quorry and I will attempt to answer.

There are about 600,000,000 acres of land specifically included in farms in the United States, only one-half of which are specified as "improved" farms. It is fair to presume, therefore, that of this vast area in farms which are absolutely owned as much, exclusive of almost measureless tracts not yet called farms, one-half remains idle or unimproved.

If it were vested in the government as a trust, on a very similar basis of occu-

pancy as at present, this unoccupied land would accomodate the labor of over 9,000,000 people throughout the year.

But this is far in excess of what would be required to equalize labor conditions, because for every person engaged in agriculture, other occupations absorb the labor of considerably more than an additional one, as is shown by a comparison of the present number engaged in agriculture with the whole of the number engaged in fruitful occupations, say:- 9,000,000 in proportion with 22,735,331.

Hence to perfect a system whereby the whole of unemployed labor might become employed, it would only be necessary to divert about 2,800,000 persons from manufacturing and mechanical pursuits to agriculture,-not for the whole of the year,-but sixty days only during each year to bring about the needed relief and afford all labor full employment, because by the same proportion which now exists in the agricultural ranks with the whole number comprising laborers mental and physical this 2,800,000 would give employment in various ways in the economy of society to the balance of the unemployed, or 4,200,000.

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fice to bring about a perfect economy of labor in production by more than ten, and nearly twentyfold.

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the capitalist, the legislator, or even the philanthropist will exhibit a lively interest in the application of a remedy unless impelled somewhat by that class of society to whom it is of the highest importance, and without whose hearty co-operation no remedy would be made operative from the fact that they are so numerous a body,-the workers themselves.

These latter fail to realize that theirs is a highly honorable state of existence, and while often bemoaning their lot, do not reflect that it is largely at their own option whether it shall be permanently so heavy a burden.

It is certainly true that the state of society in America depends very largely upon the prevailing opinions of this great body.

This is proclaimed in the declaration of independence, acknowledged by the fathers, and the right has never been abrogated, and whenever the state of society is formulated for this immense body instead of by it, it is because the body does not act, but is acted upon.

It is a fault in our habit of politics that the great body of workers allow themselves to forego their influence in settling their own destiny through the mistaken notion that allegiance to some political party and its leaders is a test of loyalty, much after the fashion of the school of sunfish, the lesser following the greater until in the rear there struggles along a tiny little one scarcely

visible to the eye.

That such a fashion is proper would be an absurd statement when we consider the quality of statesmanship which it has engendered, the many noble characters in the private walks of life who have not sought public honors, and the many who having served well in the legislative halls, have retired, either because of their distaste of political methods which they were powerless to change, or from a lack of appreciation of their high qualities by what they were obliged to depend upon as their constituents, diverted from their allegiance in private gatherings of an opposing faction in favor of some other leader.

I wonder if any one fails to see that the licence thus given yields the utmost advantage to the unworthy office seeker by enabling him to plan his campaign, and that those most used to planning and intrigue will gain the ascendency through their influence in primary council.

The world has never known a class of legislators who have gained their privilege through selfishness, with whom selfishness has not ruled when they had gained their ends. Power not only engenders, but constantly augments this quality.

Affiliation with and loyalty to a party simply because it is a party belongs to those ages when the worker looked upon his employer and all those in equal or higher authority as a class of benefac-

ters, regarding his interests as his own.

He is too much advanced at present to allow himself to submit to such government of opinion. He should think and act for himself.

I quote here from Rev. Charles F. Dole on "Public Opinion" before Aux. Society of Temple Adath Israel.

"The Constitution of the United States rests upon the basis of all men being free and equal; and our democratic government was founded on that idea. But, as a matter of fact, we have only an ideal, and not an actual democracy. We feel that the individual doesn't count for much. We say that this is a government "of the people, for the people, and by the people! It seems to me that it is a government for and by rings and bosses, in city, state and national life. We have no true democracy, only the forms of democracy."

We look in vain for any decided, and well defined principles in either party. They are but great machines, destitute of vital stamina. But when we examine the condition of affairs, we discover something besides rings and bosses, and we find the ship of state does not drift so badly after all, in spite of good seamanship. This steadying undercurrent is what we call 'public opinion.' Strictly speaking, it is not 'public' opinion, but the opinions of the few; the many are but an inert mass, who don't care much about anything. So pub-

lic opinion resolves itself into individual opinion, vigorously expressed and ceaselessly voiced until even the high in office are compelled to listen and act accordingly. It was this opinion of the few which caused the stamping out of slavery in this country, and it is this which will decide what will be done with the Phillipine islands, provided it is given time to operate."

It is not among the crowd of office seekers where the highest and noblest virtue is found. I would not be understood as deprecating wise counsel, but what I mean to say is, that our present system of politics is founded upon the blind following of a leader self chosen, whose chief recommendation is oft-times an overbearing conceit. Where shall we look for grandeur of sentiment when many men of superior mind and attainments are impelled to be loyal to a leader like this? Theirs equally is the privilege to aspire to office.

It is only from a dearth of intellect, of talent, that society should allow itself to accept, or even tolerate the claim of an individual to represent it unless he stands pre-eminent among his fellows in the qualities which go to make man noble. I could quote from current journalism voluminously to show the pernicious condition to which such methods, or lack of methods, has brought us, and how almost impossible it is to attempt to reform and purify the public service, but I refrain

because it is the present fashion in journalism for every journalist to be a law unto himself, and much of the current literature bearing upon the subject is strongly tinged with party prejudice.

I might quote reformers who denounce present methods upon the public platform but their words are regarded only as an aspiration of the passing hour.

How shall I reach that thoughtful, unprejudiced mood capable of receiving the impress of sober, unbiassed judgment?

Shall I say we need a new class of leaders,-that the new class should be removed from party affiliations because intellectually and morally superior to them? We have a few such types, but they are rare, and mostly to be found in the private ranks of life where they will remain, unless called by the voice of the people to engage in a noble work.

We call ourselves a free people, yet notwithstanding we have become educated, have almost unbounded access to news columns and books, treating often upon the fundamental principles of correct government; notwithstanding we frequently have the choice offered us of a man of nobility in the opposite party ranks, we adhere to our own and elect one of most inferior talent. It is a species of slavery that is not inspiring, because never while it exists can the great body of manual workers become the voice of the nation.

Were that body to listen and adhere

only to men who are qualified for the high office of a statesman through intellect and philanthropy, breaking all party ties and casting their ballots for him who had the highest conception of human rights and who espoused the just cause, regardless of the party affiliation of its originator and promoter, the politics of all parties would soon show improvement and purification.

With the great body of workers intelligently united in sentiment upon the fundamental rights of man among his fellows it would become the great lever which would move the nation and create that organic adjustment which would bring our institutions to a consistency with the preamble of the Constitution, yet so divided are the people upon petty issues that scant progress is made to such an end.

I wonder how many people reflect that such petty issues as usually occupy the public mind are simply distracting them from the consideration of weighty ones. A high tariff or a low one, bimetallism or a single standard of value, agitation upon the currency question are among the modern subjects occupying the public mind together with that gigantic question of expansion, too great and potent to be settled without the most careful and unprejudiced consideration, and indeed each and all being so intricate problems that in their consideration the best minds are divided irrespective of party, no one

being able to formulate a doctrine upon broad principles because fluctuations in business conditions often change expediency at one period to inexpediency at another. Changes of such nature may follow one after another, no one of them being sufficiently permanent to establish a test of its efficiency, but they serve to make an issue and keep the public mind occupied, as well as to draw the party line.

As a matter of fact, whether the tariff is high or low; whether the standard of value is single or double; whether the currency is regulated in volume by the current needs of trade or not,-so long as demand and supply in commodities are in normal relation to each other, the people will find a method of exchange upon a prosperous basis which will inure to the benefit of the whole. It is only when this normal basis of demand and supply is disturbed that poverty and panic ensue.

Let the great mass of workers educate themselves so as to comprehend this fact, and dismissing all minor issues move bravely on to the accomplishment of a plan of organic adjustment so that demand and supply in currency, in commodities of consumption; and in labor, will be equalized and the vexed problem of poverty on the one hand and riches on the other will be in a fair way of solution.

Social intercourse, means of easy transit and choice of employers, all give to the worker at present means of education

which formerly were impossible. Why should he not benefit by them and elevate himself to that position which belongs to him by divine right?

His destiny and that of his fellows depends, not upon the fiat of any class or men of superior social position, but absolutely upon his own opinions and habits, and if these are rational and made universal, they will most certainly prevail with those now called superior. He has seen, and nearly passed the period of coercion at the ballot box because his enlightenment has cried out against it until the government has heard his voice, and so it will be with all aspirations founded upon the principle of human justice if he pursues them conservatively and without direct antagonism to present rights of other individuals.

In forming his opinions and habits, the poor and humble worker is aided today as never before. I have mentioned in a former chapter the organization of associations for educational purposes through a system of free public lectures, not by politicians, but by teachers and philanthropists.

Begun in New York City, it is spreading to other cities, Boston having had a series during the past season given in different sections of the city to which the public were admitted free. Soon we may hope to see the spread of this most excellent system to every village and hamlet, schoolhouses improvised into lecture

rooms in hours when they are otherwise unoccupied, and the leading minds of the town contributing freely to the general education of the masses upon subjects tending to the moral and physical good of society. It is to be hoped that as such lectures become popular they will be free from current political doctrine and political speakers,—deliberations upon questions of the higher and better interests of mankind, and spread knowledge of just principle among the masses, thus arousing reflection anew in those already students in the problem of human destiny and educating others toward high conceptions.

For no worker should forget that he is an important part of society, who by virtue of this has a right to participate in matters pertaining to the general interest. He has access to methods of instruction by which he can gain knowledge of correct principles unaided; and the less willing he is to be swayed in his opinions by any whose business is politics, the more rapid will be his advancement toward self-government.

What may, economically speaking, be called the lower strata of society in the more highly advanced countries contains as high a grade of integrity, of sound sense and conservative control, as does any higher strata if it were possible to keep the whole body under just and proper restraint. No history records a stronger bond of fellowship than existed under the

labor organizations during the period when conservative sentiment ruled their deliberations, each member looking not only to his own and his fellow-workers' interests, but also to those of the industry with which he was connected. It was when the antagonistic element became the ruling power that their influence began to decrease, yet they are still a power capable of achieving grander results than have ever been attempted.

Were such co-operation established for the purpose of changing the organic structure of industrial society, the best hopes of scholars and philanthropists would be in a promising way of being realized in the independence and comfort of the individual, without disturbing the present prosperity of other and more successful men except through such gradual change that no one would be injured, and social distinctions based upon the possession of wealth would soon disappear.

Such co-operation would necessarily be apart from present political methods, the only distinction worthy of recognition being that accorded to merit. Were all the workers associated upon that fundamental principle, every promoter of an industry would shortly be affected by the results similarly as were formerly the employers of labor through the existence of well-managed labor organizations. Nor would the effect be stayed here; but sweeping on, it would permeate and guide legislation in

the lofty halls of national council and accomplish a quiet evolution which would astonish the world.

Such is the power of labor judiciously applied.

The aim should be to gain a more equal distribution of the products of industry and to have such industry so established that it would fluctuate no more than the value of gold which it creates, but the objects should be attained without disturbing present accumulations of capital; applying only to future ones, which should flow spontaneously to all who produce.

Revolutionary methods for the sake of quick transition from the one condition to the other should be not only avoided, but abhorred, because it is only through peaceful evolution that any great moral good can be accomplished and permanently established.

Let, then, every worker who has reason to feel that he is not an equal participant in the blessings guaranteed under the accepted doctrine of independence, as set forth in the declaration of our forefathers, bind himself with all others for the attainment of his just rights.

His talent has already enabled him to make the power of organization operative; let his wisdom make it operative in the most beneficient direction.

Let such organization be so universal that it comprises all the workers of whatever degree who contribute mentally or

manually to production, and it will prove the great lever whereby every struggling member of society may be raised to the higher plane. No political power which ever existed would bear comparison with it in numbers and in strength, for it would comprise the great, living body of the nation.

I shall now proceed to what I believe a just method of organic adjustment, based as nearly as my judgment will allow, strictly and impartially upon human rights.

CHAPTER XLV

GOVERNMENT AUTHORITY

There is one inherent right of man pre-eminent above all others, and that is, the right to labor. No one disputes this right, nor ever has since the world began. It is only when the question arises how much he shall reap as the fruit of his toil that there is any controversy, and strangely enough, although the product of his own hands, it has been deemed that he has a right only to a portion of it. There may lie within his reach a fertile, unoccupied plot of ground within whose bosom there slumbers natural resources adequate to supply all his wants and yield a surplus through his fruitful toil, but it belongs to another and he must not touch it except through contract to the benefit of its owner; yet he is a living member of the great society which is called a government, to which he is expected, nay, bound, - to be loyal and devoted.

What is the stumbling block? With vast resource spread out to his hand of scarceless limit than the atmosphere, what is it that lies across his way to attaining comfort, independence, even affluence? What is the curse that dooms him to labor all

through his human existence for a bare pittance, and from sheer exhaustion sink into his grave? We have devoted a chapter to this already under the head of individualism.

It permeates every avenue of public employment of office, enters into every enterprise, agricultural or mechanical, poisons the virtue of every organization and sends millions of mankind to the grave with their rightful mission unfulfilled.

Whose is the blame? If an apple is placed within the reach of a greedy boy will he not reach out and take it?

It is to the lassitude and the disunion of the great masses that the blame for such a state must be ascribed, since from their almost countless numbers and their right to a voice in the government they are undeniably supplied with the remedy just as truly as has nature resources capable of supplying all the wants of her creatures.

Why should not the government be so organized that there is no room for individualism to the detriment of society?

How could such an undertaking be greater than creating a common school system by which education is free? How could it be greater than the coining and regulating the value of money for public use, prescribing standards of value, of weights and measures, improvement of harbors, the institution of the great mail system, of police and judiciary, and an almost indefinite multiplication of examples wherein

the government performs that service for society which might be done, although no doubt in an inferior manner, by individuals?

All these and many more come already within the functional scope of the government of which every man is a part, and restrictions upon the lines of public service have never yet been defined, either in the declaration, the constitution, in legal enactments or judicial interpretations,—the only rule for their exercise being their expediency for the public good. If, then, the rule of expediency is that which limits the functions of the government there still remains a bountiful scope for their enlargement.

But these are the optional functions of the government. Many such, although they may be universally acknowledged as legitimate, are too much swayed by private interests and patronage to be expected to operate unless compelled to do so through the expressed will of the people; nor do I think it advisable that the government should be left with untrammelled optional right to interfere in matters of universal interest except upon lines prescribed by the will of the people through whom it has its existence.

I shall pursue my list of exceptions by a brief discussion of the system sustaining that existence, the means which make its existence possible, taxation.

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The subject of taxation has been so much discussed, and in so many different ways, that it would seem a task indeed to originate any thoroughly new doctrine, and if rightly interpreted, those maxims laid down by Adam Smith, so generally accepted as embodying the right principles, may justly be said to very essentially cover the ground.

But under the laws of no government have those maxims been put in practice. I will italicize those portions of his maxims which governments have thus far failed to adopt.

"The subjects of every state ought to contribute to the support of the government, as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state." "The tax which each individual is bound to pay ought to be certain, and not arbitrary."

"The certainty of what each individual ought to pay is, in taxation, a matter of so great importance, that a very considerable degree of inequality, it appears, I believe, from the experience of all nations, is not near so great an evil as a very small degree of uncertainty."

I will not quote them all, merely taking those portions for the purpose of further discussion.

If the first maxim quoted is a correct one, as I believe is generally conceded,

there is an inconsistency in our government system, as the great mass of the subjects of every State enjoy no revenue under the protection of the State, not even one which they justly earn.

It is contended that the protection the State affords demands justly a recompence from the individual, and that the weaker the individual the more valuable becomes the protection, but in such a contention it must be conceded that the government should be bound to bestow on the individual not only protection to weakness, but aid him to become strong, and the one is as encumbent upon it as the other.

The degree of protection is not to be so much considered as its essence.

Yet the maxim stands, and I believe it to be just, because every individual is most certainly a subject, and as such ought to contribute to the expenses incurred by the government for his welfare.

It is not the maxim that is amiss, but the system of government, which makes it operate to the disadvantage and the unequal sacrifice of the individual.

The remedy is in giving to each individual equal opportunity so as to make him justly responsible for his share of the expenditures of the government according to the revenue which he can derive from the benefit which the government confers upon him. He certainly should not be held to payment for a benefit which some one else receives. Such a system would remove the burden of taxation from

requisites of existence and place them upon accumulations, where it justly belongs.

To show the vexatious questions to which all tax systems have been and are still open, I mention the following contentions, in addition to those already discussed.

First:-Taxing every one an equal percentage on his pecuniary means.

This throws the burden of taxation upon the man of small means and is liable to infringe upon the necessaries of life.

Second:-Taxing above a certain minimum income which is supposed to cover the necessaries of life. This is open to the objection that in no two families are the conditions equal, and in no one family are they equal in two or ten consecutive years.

Third:-Taxing whatever may be called luxuries. This is as much as to deny to the poor a cup of tea, since what may be called luxuries may be made to embrace everything not absolutely needful for life and health.

A legislator has no right to be the judge of what constitutes the necessaries of life, but only the physician.

Fourth:-A graduated property tax, which has for its bane the taking from the individual that which he has instead of what he acquires, and involves a species of perpetual interest which is abhorrent to an independent people. To property laboriously acquired there ought to be no question of full ownership, especially when the acqui-

sition has been meritoricus,-yet a graduated property tax cannot discriminate between the robber and the honest member of society,the spendthrift and the man of frugality,or the man of great affluence and those having acquired only what may be deemed a competence.

Fifth:-Taxing indiscriminately in favor of industrial gains,salaries,professional gains,etc.,to the burden of property not earned,but inherited,-the former class of income dying with the individual while the latter continues through succession to heirs. There is manifestly an injustice in taxing a sum invested, and afterwards taxing also the proceeds,and it is on that ground that the contention rests. Where the line could be drawn between actual saving for the wants of old age and the provision for family responsibilities, on the one hand,and a more than ample competence in hoarded wealth on the other, is too deep a problem for any one to solve justly,-what would be a competence to one individual being much short of it for another, owing to a difference in responsibilities.

It will readily be seen by the foregoing that in any system of taxation yet devised,it seems impossible to arrive at consistent and equal justice. Indeed it would seem,considering that nature always yields a surplus to the hand of toil,that whatever expenditures are necessary for the support of a government of society should be extracted from this natural and

steady source of increase without burdening any class or condition of men.

If this should prove inadequate, the government should devise means through public service to its members to make up the deficiency. This is the natural course for a government to take as it advances in progress and development.

It would seem that the earth, which has been given to man, which is ever on the increase in value, which furnishes the means of transit, of communication and of exchange, more than anything else swelling the volume of income, in many cases independent of exertion except to take what nature freely offers, working while man is taking his needed rest from toil, thus in all these ways opens her bosom to nourish man without the burden of payment in taxation.

If there should be made a general value of all land throughout the country, and a proper estimate made of whatever accrued in profits from its cultivation or use, this would furnish a basis for rents without burden to any individual because it would take nothing from any one except a proportion of actual increase, or profit.

I have no doubt that an approximately just estimate might be made from the ruling price of commodities and their average yield, together with other data, and I am sustained in this belief by other and eminent writers.

But to leave the ownership of land to the individual as at present would be to invite the defeat of such a system from the start, the ascendency of land owners and of large allied interests being too great an influence upon legislation to allow of its fulfillment. Hence its accomplishment must depend, if it depends upon anything, on an investiture of land as a trust in the government, through which means the rents might be made to serve for the benefit of society. Nor can I see any injustice in such a scheme provided it were accomplished by a graduated system extending through a series of years, so that it would cause no injury to any present encumbrant.

This would be the result were the title to be made non-conveyable, and die with the individual, or his heir if the latter had arrived at an age when he ought to have rights of possession because trained up in the expectation of it. Thus the change would be so gradual that society would scarcely be disturbed, while in the course of a generation the whole domain would become public, passing as a trust to the government.

It may be said that since in many cases land at present is a burden instead of a benefit, owing to heavy mortgage or other debt, and since under such a system the individual would have no longer the privilege of disposing of it, the change must necessarily increase the burden of a vast

number of land owners, but such is not the fact.

Provision might be made by the government to secure to the individual the present value of whatever he could reasonably anticipate from his particular ownership, the consideration being the surrender of whatever title he possessed, thus placing him in possession of available funds with which to commence the battle anew, simply changing his status from a burdened owner of scant means to a tenant under the government with a fresh capital, the government assuming the mortgage, or the interest thereon during the life of the mortgagee, and charging a rent proportionate to the revenue derived from the land through production or other occupancy. Within such rent should be included a proper amount of insurance upon whatever consumable property was exposed to risk.

The re-imbursement made to the individual would not be the estimated value of the land, but such improvements in cultivation or otherwise as he had made, and from which he had a right to expect returns.

In like manner should the affluent land holder be taxed on his possessions which he retained during life, which would secure equality in taxation and insurance upon a basis the security and justice of which could not be questioned, according as it would, the same rate as though the land were already vested in the government.

Thus the tenancy, but not the title of land could be enjoyed by the individual, passing from him only at his option, or through a violation of the terms of rent upon which he occupied, succeeding to his heirs with just as much regularity as under the present system of ownership, and he would contribute his quota to assist in discharging the obligations of the government as a return for the service which it rendered to him individually, while the income of the government would be the sum of its earnings as a sovereignty.

Such a system of rent would be the only direct tax upon society for its maintenance.

Probably many people are aware of the late action of the government in New Zealand in levying a land tax as the result of which many land owners who held unoccupied and unprofitable lands, refusing to pay the tax, their land was confiscated by the government and apportioned to those who would occupy, and find employment and reward from it.

Yet partial as was the movement it gave a stimulus to agricultural pursuits which resulted in a great wave of prosperity and comfort. It was the natural outcome from having given men the opportunity to fulfill the command to replenish the earth, and reap the promise "to you it shall be for meat."

The method which I have here outlined is not a system of "state aid" as advo-

cated by socialists, is in no sense a system of charity; it still leaves it encumbent upon each member of society to earn whatever he has, but it gives him a fairer and more equal opportunity.

It necessitates no revolution, deprives no one of the enjoyment of present possession, takes from no class opportunities for the employment of capital except such as thrive upon the wants of the poor, and ensures ample occupation for the great army of unemployed, the result of this latter being naturally that competition in labor must cease.

I desire to particularize no objections to the mild theory of the single tax, no doubt moderated in the mind of its originator in this country by the consideration of making it as apparently expedient as possible in the hope of its early adoption by society. I feel obliged however, to express my doubts of the permanent efficacy of any change which leaves such an evil and so gross an injustice as is land ownership in existence. When any great question is agitated in anticipation of a settlement, I believe it is always best to go to the root of the matter, instead of patching up, or ameliorating one evil by the substitution of another, even if a lesser one.

If evil exists, it is the divine duty of man to eradicate it, and in the performance of that duty, while he applies himself in a thorough manner, he should use that consideration for other men who are

liable to injury which the common brotherhood of man makes encumbent upon him, depriving no man of any just right which he has acquired either by inheritance or through fruitful exertion, and which habit has made essential to his comfort and happiness,-for the individual need not be blamed for inheriting or acquiring property through methods sanctioned by present laws and usages and should not be made a sufferer.

It will be remembered by many of the older generation that in the early stages of the War of the Rebellion, Abraham Lincoln, that truly philanthropic statesman, proposed a scheme for the gradual emancipation of slavery which, had it been put in operation would have averted the dire calamities, the bloodshed and the vast loss in money, and have been accomplished at about the present period.

Who doubts that had it been possible, it would have proved most beneficent in its working, both for the owner and for the slave; for the owner because the gradual change would have stripped him of no immediate resource and would have given ample time for him to adjust himself to the new relations; for the slave because he would have escaped that persecution to which his sudden elevation and his exultation have caused him, while the prospect of freedom sure to come would have tended to a gradual enlightenment concerning what that freedom meant and the duties which it involved. But the antagonisms accompa-

nying war, the quickly succeeding events, and perhaps some rivalry in political aspirations, prevented the noble patriot from putting his scheme in operation, and necessitated the violent method of sudden emancipation to a people entirely unprepared for the freedom which it gave.

When any great change is imminent, it is well to deliberate before the crisis is precipitated, for when the day of disaster comes, calmness and deliberate action are impossible.

The system of slavery was a wrong against a portion of humanity which demanded redress, or eradication, and although rudely accomplished. Like the avalanche, loosed from its bed, tearing and uprooting everything in its path, it swept along in its march of devastation and ruin until it disappeared in the green valley of peace, but it will take many years still, although a generation has already passed, to obliterate the marks of the strife.

It is a lesson well suited to the reflection of man, bearing upon its face this important and mighty truth; that wherever a human wrong exists, the march of events will right it in time, whatever obstructions may be put in the way.

But the system of a government trust in land for the benefit of society could not be made adequate for maintenance of the government without unjust oppression of the agricultural interests and interests

belonging to other occupancy, in the favor of other industrial pursuits, and hence, in order that such a system should be one of general expediency we cannot project a just and equal system of government unless it bears upon all industries alike, so far as they are gainfull.

Other forms of direct taxation have existed and do exist, such as on wages, which is an indefinite term, applying as well to the rudest manual laborer as to the skilled or favored employments, some of which are in the nature of monopolies, and yield a fair and proper rate of remuneration and a share in the accumulating surplus. It is evident that any rate of taxation based upon the income derived by the one class or the other would fall unjustly upon him who toiled the hardest and received the least reward, whatever difference might exist in the mind of either as to the habitual standard of living and the expenses which it entailed. If, therefore, a direct tax was necessary at all, it ought to fall upon him who receives the most, according to the toil he expends, notwithstanding the skill which he has been obliged to acquire, or the adaptability which he may possess to fit him for his position. In either case, however, I do not think it just for a man to pay a premium on what he earns, and it is necessary only under a system of government wherein one individual is preferred over another.

Still another form of taxation is that

by which taxes are imposed upon incomes which are derived from capital, a form of tax so capable of evasion that it has never been found practicable, burdening only those whose conscience speaks the loudest, in favor of the dishonest and unscrupulous. Nor would it be possible to improve it by placing a tax upon expenditures, statistics of which no less depend in the last event upon the truth and honesty of the individual, and therefore could not be trusted except from men of integrity, who would suffer, to the gain, or exemption, of the unworthy. But in either case, since the income or capital taxed is the direct result of accumulation or inheritance, and since in making up his cost, the capitalist must perforce include so important an item as is taxes, the tax upon capital is, by thus calculating the cost, a tax primarily upon labor which labor is obliged to pay, and while direct in the manner through which it is laid, or assessed, it becomes an indirect tax at last upon the individual least able to bear it, who earns his bread by the sweat of his brow.

There is one more mode of taxation belonging under this head, which is the tax imposed upon buildings. In this case, as in that just cited, in making up the list of cost, the cost of building and equipping forms but one item, others being the value of the land on which it rests, the risk involved in tenancy, the insurance, and finally, the amount for which it is taxed.

The tax, again, falls, not upon the owner of the property in buildings, but upon the occupant.

Thus it will be seen that all forms of direct taxation, though apparently paid by the party who ought justly to be charged with the burden of taxation, are in reality paid by he who toils for his means of living. It is for this reason that I believe there is no just system of direct taxation possible apart from that which might be laid by the government upon the natural increase or profit of the earth.

There are many systems of what is called indirect taxation, some of which might be adopted and applied, to the great benefit of society, while some of them of less virtue, would not necessarily be a direct injury. First among those latter I shall mention a tax upon commodities.

A tax upon commodities generally would of necessity be a burden to society and could never become popular either with rich or poor, since to be taxed for that which is necessary, even in the remotest degree, to the comfort and convenience of living is too obnoxious to be tolerated.

Such a tax must raise the price of an article above the normal, whether it be upon domestic production or upon importations from abroad, and the popular mind is unwilling to adopt either fictitious or artificial values.

This fact applies with force to that

class of duties imposed upon such articles of production as are necessary for the common use of society, as has been recently illustrated in the case of wool, already cited in these pages, although illustrated so forcibly in this instance that even those most strenuous in their cry for protection, I believe, the wool dealers themselves, as well as the growers, have seen the folly and inexpediency of protecting industries.

The imposition of a duty, therefore, upon goods brought to our shores in foreign ships is one of those indirect methods of taxation which causes damage to society; the very fact of their being exported to America furnishing almost absolute evidence that society can thus be furnished cheaper than through domestic industries.

This is undeniable proof that the imposition of a duty upon any article of general consumption is not in the interest of society, but of individuals forming but an inferior portion of society. The question at once arises, "Who has the best right to be served?" I know of no simpler and yet stronger argument in favor of free trade with all nations, whereby the people may have all the advantages to be derived from the markets of the world. In comparison with so great a benefit, "individualism" should sink into oblivion, and "protection" should no longer be a misnomer.

It is possible, however, under a system which I have yet to detail somewhat, to

lay a tax upon the carriage of goods or commodities from place to place, under which system the tax would operate as a remuneration for actual service, similarly as is now the custom in dealing with corporations or carrying agents in the transportation of freight which would properly come under the head of transit duties.

Such a tax, if so it may be termed, it would be agreeable to society to pay as a return to the government for direct service rendered, and it would be doubly agreeable from the consciousness that by such means the government was really earning what it was required to expend in its administration.

Under this system, each shipment of commodities of whatever description should be accompanied by a manifest, setting forth not only the quantities, but also the values.

This method would give a basis for correct statistics of manufactures and production, a just and proper analysis of which has never been obtained, notwithstanding the enormous expenditures of the government to that end.

Of what value are statistics, however expensively obtained, when no strict reliance can be placed upon them? It is only when they are uniformly correct that conclusions can be drawn from them to the greatest benfit of society.

But if, upon a government form, every shipment or sale of commodities was invoiced in duplicate, the clerical expense

of recording would be trivial as compared with the now incomplete methods of obtaining the statistics of industrial pursuits, and would be reliable in their nature.

Taxes upon the methods of communication is another form of tax wherein the government furnishes service in exchange, as illustrated in the postal system, in which the government is the carrier for a fixed and uniform price, but the charge for a service so efficient, so prompt, and so reliable need by no means be so small that instead of yielding a revenue, it will not pay the expenses of distribution. Here perfect than any police system in the world, -so exact in the minutest detail that not even a pouch can be delayed or go astray in transit and escape the observation of the proper official, so reciprocal is it between post masters and the heads of departments, it challenges the methods of any private, corporate, or municipal enterprise in existence, and thereby, on the strict ground of merit, for the virtue of which any otherwise managed enterprise would tax the public, on account also of its great utility and convenience, entitled more than any other enterprise, public or private, to a generous profit on its service, which would undoubtedly then be far below its expense were it conducted by competing and speculative establishments supported by private capital.

But further than this, the item of postage falls largely upon private and profit-

able enterprise, the needs of commerce and trade demanding a large percentage of its service. Its increase of rate, therefore, would not be a burden upon labor, but very largely an indirect tax upon the office business of the country.

A higher rate of postage by which a revenue might be raised for the government uses would not, as some economists assert, obstruct the operations of trade, nor impede in the slightest degree the good effects to be obtained through exchange, one place with another.

When a matter of business demands communication with a neighbor, whether he be near or far, the consideration which rules is not economy in the matter of postage, but the transaction in hand, which far outweighs any other consideration in its importance.

Whether it is wise to place a tax upon the carriage of newspapers is a grave question, since although a newspaper may be regarded as apart from the strict necessaries of life, it still furnishes so great a volume of useful current information relating to every section of the globe that to obstruct in any manner its free distribution would, it seems to me, be a public calamity. The newspapers enter many [illegible] of the humblest homes, and notwithstanding they do not always convey the right view of the questions which they discuss, or furnish news items which are wholly reliable, because of their zeal

in being foremost among their competitors in the latter instance, and in the first, owing to each one being to such an extent a law unto itself, they stir the public mind and keep it in a state of activity which prompts discussion upon all topics of public interest and are thus, I believe, the greatest and furtherest reaching public educators which exist, whatever may be their shortcomings.

I feel obliged to express unusual views upon another subject of indirect taxation, and this is law taxes.

One of the circuit Judges of the State of Massachusetts said to the writer upon a recent occasion, "Probably two-thirds of the civil cases which come before me for trial might have been settled upon just grounds, and to the better advantage of both parties, outside of court; but if they insist and persevere in their contention, there must be some tribunal before which the disputes between individuals can be settled, or else society would be no better than anarchy."

While this is a severe reflection upon the true brotherhood of man, it is and will continue to be a condition, so long as individualism prevails instead of the golden rule.

If, then, contention must exist, upon what class of society can a tax fall with more propriety than upon those who refuse to live in amity?

I have given some space to the subject of barristers in a former chapter, and as

I took occasion to say there, I now repeat, not only should the judge and the police be under the government authority and pay, but also the counsel who is employed in the case, who is not a less, but usually a greater factor than is either of the others, since it is to him that the primary appeal for justice is made, and upon the advice he offers very largely depends the further contention. It is to be observed that in all cases before a law tribunal there is but one side which can be right. Hence, whatever particulars seem to clash, a perfect sense of justice will reconcile in the first event more readily, and far more economically, than by long contention, and if by making the office of the barrister a government one, clothing the encumbent with the dignity and uprightness usually conceded to be the characteristic of the judge, the "two thirds" or even a much smaller proportion of the contentions of society could be avoided, what an economy it would be to those who can ill afford so expensive and vexatious a luxury as a law suit.

The material reason for the establishment of a federal judiciary was, that if the judge belongs to a national system and thus has the support of the whole nation, having nothing to fear and nothing to gain from public opinion he will be likely to render an impartial opinion.

It is for a like reason that I would advocate like service from the barrister.

There are other taxes which fall upon a people which in their present form of levying are municipal, or local, some of which I deem it of the utmost benefit to society to place under the control of the government.

I am aware that in treating upon this portion of my subject I am trenching somewhat upon that much vaunted doctrine of "State rights" but it is a grave economic question if it would not be truly expedient in the interests of society if all that pertains to that doctrine was utterly swept away.

The doctrine originated in individualism and has been perpetuated by it. Already upon more than one occasion, notably the War of the Rebellion, has it very nearly demolished our free and independent structure of government, and it still contains the poison of disunion and disruption.

In the words of Washington upon one occasion of imminent danger to the new form of government, "We are one nation today and thirteen tomorrow," a condition by no means corrected, but augmented by the addition of many States, yet it is patent to the student of history that just so far as the marks of separation between States have disappeared, a stronger cemented Union has been the result.

To enlarge the authority of the government was the purpose of the convention of 1787 which formulated the present Constitution to take the place of former Articles

of Confederation.

But that was not the whole purpose of the Constitution, the preamble of which commence in these words:-

"We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this constitution for the United States of America.

This preamble, as it is frequently called, contains all that is of real value today in our institutions if subjected to the broadest and most philanthropic interpretation, It is a declaration of right intention such as has never been made by any government but ours on earth, and its language will endure to the limit of all ages and peoples. Within it are enfolded the virtues of union and justice, of the national and family relations, of aiding one another to secure the general welfare, and the largest and broadest liberty consistent with the other virtues enunciated.

It is the doctrine of the Christ.

How shall any inconsistencies creep in and choke its utterance except through the baneful influence of individualism?

When the Congress by the elastic clause of the Constitution is empowered to "make all laws which shall be necessary and proper for carrying into execution the foregoing powers vested by this constitution in the government of the United

States,or any department of office thereof, "it surely has the power,if it has the will to "establish justice" and "promote the general welfare" by establishing any system of public works or benefits whereby these ends are to be secured, whether it trenches upon local or State usage and custom or not.

I would therefore favor the establishment of a public road and park system which should also embrace all the sanitary improvements now in vogue in large cities, carrying their advantages to the remote hamlet, street lighting and paving, the laying out and improvement of the public highway and the building of bridges, together with the construction of all buildings of a public nature,including schools, institutions of learning,and penitentiaries,hospitals,and infirmaries,water works and sewerage as well as all public charitable institutions for the benefit of those unable to work, the tax being an undiscriminating payment for service rendered and included with the ground rent, or under a system as yet only partially described, from profits accruing through public enterprises within the control of the government if the payments seemed too onerous to be borne by the individuals benefited.

My views at first sight, may seem to be extreme in these particulars,but I will give my reasons.

While taxation, either direct or indi-

rect, if it is apparent that it is a tax, is always obnoxious, no matter in what form it is levied, yet if the taxes imposed by the government, State, or municipal authority for the maintenance of government were put in comparison with those less apparent, yet no less real, imposed by individuals and corporations who in effect, through combinations exercise a monopoly in their dealings with society, the effect upon the general mind would be startling.

With all the railroads in the country, the canals and steamboat lines and the express companies, each of which is devoted to the service of society in general, all the telegraph and telephone service similarly devoted, and all the insurance companies safeguarding life and property, all street lighting and other municipal service divided up among themselves it is easy for a business mind to comprehend that individual plants, offices and encumbents and all permeated with individual interests, impose taxes upon society largely in excess of what they would under economic and concentrated government and equipment.

Were all these diverted from individual and corporate ownership to that of the government, there is no doubt in the minds of many competent economists that with the same or even less rates for service, a revenue would be derived from them far more than adequate to discharge the current expenses of the government.

This is a broad statement, necessarily an indefinite one, since no statistics are available which will show anything approaching the just, or even approximate sum of earnings above expenditures of such great enterprises, so numerous and growing in America.

Yet from the dividends declared from time to time and the eagerness with which many of the stocks are sought there is reason to believe that they yield far greater returns on investments than do government bonds.

The case especially of one railroad, the affairs of which have in recent years become somewhat public is a case in point. With accumulated earnings far above anything possible in any ordinarily competitive industry, exceeding by a considerable sum the rate allowed by law to be declared as dividneds upon its stock, this corporation have for years been pursuing a system of improvements in stations, in roadbed, in rolling stock, and in landscapes which command and receive the admiration of all its patrons, while in spite of those magnificent expenditures its stock is quoted very nearly as high as gold ever was during a period of depreciated currency when everything else but gold, including the government itself, was in imminent danger. Yet this indirect tax (for such it undoubtedly is) is for the major part willingly paid in consideration of the service rendered to society.

Another prominent case is that of the Bell Telephone, the stock quotations of which indicate so rapid and overwhelming an accumulation that it would seem almost a mine from which precious metal could be freely extracted, these quotations recently being as high as 3.15.

Still another case in point is that of a monopoly styled by a current journal the greatest monopoly in the world, which has prospered in spite of legislation intended to restrain it, and still prospers by a system of taxation which may be called indirect, paid by nearly the whole of society, and said to be able to buy up even the favor of giant railroad corporations against competitors, some of whom have characterized it as "greater than the courts of the country," though this can hardly be the case except through a system of evasion, while apparently complying with the decree. This trust alone is said to have yielded the enormous sum of $140,000,000 in dividends in six years upon a reported capitalization of $102,230,700, or a total of one hundred and thirty-seven per cent, an average of nearly twenty-three per cent per annum, and society has paid the heavy bonus so essentially a tax for the privilege of lighting and heating with scarcely a murmur of complaint.

I need not name Calumet and Hecla mining stock, paying probably as large dividends, presuming that to be familiar to the mind of most of my readers.

Were a few such enterprises as these owned and controlled by the government and the tax paid in the price according to the market as willingly as is the case under private management and ownership, its resources would soon be sufficient to defray its necessary expenses and also maintain a broad philanthropic system of public improvements which would enlist a large portion of the unemployed labor of the country and give the whole order of society a prosperity as no nation or people ever enjoyed.

The obstruction to such magnificent improvement in the condition of society is that which forms the basis of the present treatise, individualism, through which not only is society robbed of those grand blessings which otherwise it might enjoy, but the government itself is burdened by a national debt, the proportions of which are yearly augmented in spite of all the revenue derived from its systems of taxation.

I have said something of a national debt in a previous chapter, and while there is perhaps nothing to be subtracted from the sum of my remarks therein, it is pertinent to inquire if there is not a stage in the growth and prosperity of a people when the government should participate generously in the fruits of its industries.

Is it not right, when the capital of a country is increasing year by year that the government should conform its system

to the prosperous conditions brought about under its protection and encouragement, and assuming the control of all public affairs, performing profitable and efficient service for its people, divert a portion of the accumulation of capital to public use, relieve society of the burden of taxation and furnish a bureau of employment with fixed rates of remuneration whereby labor would no longer be competitive?

Would not this be a grand social transformation very favorable to the masses, and only at the expense of giant corporations and monopolies whose only right to existence lies in the unwilling acquiescence of the public who are their patrons.

It is conceded by the best authorities upon the subject that apart from any possessions which a country can have or accidentally acquire, the only just method of reducing a national debt is by means of a surplus revenue. But when it comes to plans for acquiring or maintaining such surplus, one argument against raising it at all is that the money which would go to pay the debt should be left in the pockets of individuals to help to accumulate again through productive employment.

Here again we are met by the assertions of individualism against the public good,

If the funds so left were for the purpose of issuing in greater proportion to the real producers, the laborer, this argument might be a strong one, but it does not

so operate. It would, in an intricate manner not easy to explain comprehensively, gradually reduce and extinguish the debt through an exchange, never lessening injuriously the quick currency in circulation except in cases where the foreigner was the creditor, and in this case the presumption is reasonable that he would reinvest in some sort of American securities, since his primary investment was fair proof that his capital was not needed at home.

I am not one who believes that a national debt is a national blessing, although the specious argument has sometimes been put forward that it affords opportunity for safe investments for inexperienced savers. I think, if such opportunity was needed, the government could readily find a method of guaranteeing savings without burdening itself with the incubus of a large annual interest.

We are thus led to approach the last phases of what I believe should be the government service, viz; the custody and distribution of the currency.

In any consideration of the welfare of a nation and its destiny, one thing of supreme importance is its currency. No member of society is either high enough or low enough in the social order to be exempt from its influence, and he who unfortunately finds himself in the lowest strata feels the need the most. He goes about pitifully, with woe-begone and emaciated face, with tattered coat and hat, willing

to work, yet constrained to beg, and individualism shuts the door in his face without giving him even a crust of bread until footsore and weary, hungry and cold, he becomes frantic and commits a petty theft, or worse, a crime. Then, indeed, individualism takes cognizance of him and the courts doom him to enter through the dark and contaminating portals of the penetentiary, never again to come forth clothed with even the poor dignity inherited from nature or from circumstance.

It is a stigma upon our free institutions that such a case can be possible, yet the cases are by no means single or rare. It is the want of money that causes the first misery, that incites the desperate deed that stamps him as a criminal, while nearly all wrong and suffering is attributable to the same cause. Weep O ye angels, that such a condition is possible; but what horror that because it is so man forgets his brotherhood, and notwithstanding all the wealth which nature so freely bestows to his hand, allows it to exist.

Do I not say truly that money is of supreme importance in its influence on the destiny of man?

It is a sad reflection, then, that this element, so fraught with the weal and woe of man, has for its channels of distribution only those so guarded by individualism that not a penny escapes which has not been more than earned, except through such charity as well-to-do society is

willing to give.

I do not mean by this that it would be desirable to open free avenues from which all men could extract means for subsistence and enjoyment without earning. Such avenues, even upon charitable grounds, I should heartily deplore.

The advantages of some degree of difficulty and management in order to obtain a competence are too obvious to be ignored. What I would like to be understood as advocating is, that by the common operation of the laws, every man ought to become assured that each worthy exertion which he puts forth will bear a corresponding reward along with it, encouraging him on the way by its presence and reality.

It is an economic truth often enunciated that a speedy increase of either national or individual wealth is not conducive either to a higher code of morals or religion, even among those who accumulate.

Such a state implies too directly an imperfect order of justice in the distribution of those good gifts which nature supplies, and there are probably few men who have made extraordinary accumulations who do not realize that they have more than their share, as is evidenced by the large donations frequently made for the public benefit.

While under the present society system such donations are to be encouraged and stimulated, of what vastly greater benefit would that system be under which they were unnecessary. Therefore, while I am ready

to accord a proper meed of praise to him who, even in a small degree, restores to society, or any part of it, a portion of his extravagant accumulation, I would hail a system under which such accumulations were evenly distributed as a reward for earnings, according to the just merit of exertion. I would have the government become one vast system of disbursements, with branches in every city and town, not only upon mercantile and industrial securities as at present disbursed through banks and bankers, but also upon industrial pursuits, encouraged and fostered by the government by a system of public service on a plan which I have outlined, thus furnishing its currency to the user from first hands, and realizing to itself whatever gain accrues from loans and deposits to swell the revenue fund with which to defray its expenses and discharge its obligations. The recent liquidation of several national banks in the city of Boston and their consolidation under one head makes it apparent that the economy of such a centralization of bank interests is the motive, and there is no doubt that in further centralization by the government under wise administration, as in other enterprise, a further economy would be the result.

Lastly, the government should have the control of all the insurance of its people.

It is true that life insurance is at present conducted upon the basis of mor-

tality tables, in the main probably very nearly correct. It is also doubtless true, that at the rates asked as premiums for insurance, it is of quite general interest to insure, the system being as truly co-operative in its working, perhaps, as any that can be named.

But it is a service rendered to society of which the government is the recognized head, and insurance has now become so common that he who would really be insured should take heed whether that particular form of insurance offered is a safe investment for his hard-earned money. If the government by its bond system furnishes an opportunity for safe investment to the more inexperienced portion of society which is of great benefit, of how much greater benefit would it be to the small saver who cannot buy bonds, to have the opportunity of investing in government insurance, safely and permanently until old age, which would operate either as an annuity or an endowment at a period when it would be most beneficial.

There can be no doubt of the efficiency or the expediency of such a system, nor of the advantage to the individual, while on the side of the government it is scarcely necessary to point out the pecuniary advantage, when the public are so generally aware of the great accumulations which many of the insurance companies have made, their public advertisements displaying the fact in unmistakable characters.

Likewise I would have fire insurance under the control of the government.

If protection to life and property is recognized as one of the most important functions, surely that protection should cover losses or damage by fire. It would seem, therefore, that the matter of insurance belongs peculiarly to the government, and should be delegated to no inferior corporation whatever, not only because protection is one of the fundamental purposes of its organization, but also because it would afford still another source of revenue without the imposition of a tax upon its members.

But it may be asked, "When you have accomplished all these changes, uprooting so many enterprises of a private nature, what opportunities would be left for all the capital and energy which is now used in conducting them?"

To reply to such a querry in the best and plainest terms, it seems necessary to re-state a proposition already made, that although no one disputes man's right to labor, when the question arises how much he shall reap as his reward, it has been deemed that he has a right only to a portion of the fruits of his toil.

It is to this fact that all extraordinary accumulation is due, and if it is right to suppose that to man justly belongs all the fruits of his toil, then all extravagant accumulations are wrong and

ought not to be possible.

The productive power of industry cannot be of less value to the producer than to that much smaller proportion of society embracing so-called capitalists, and while I hold no antipithy to the latter as a class, I believe they exist in greater abundance than is needful, or beneficial, and are an obstacle to such co-operation as would be more instrumental in broadly diffusing the fruits of toil.

There is no doubt in my mind that industrial economy is better served by concentrated capital, but I do not think it ought to be concentrated in the hands of the individual, who as a capitalist, may perhaps be counted as less than one per-cent of the population.

The interests of society will be better served by a combination of workers in harmony with each other and with the great mass of workers, leaving large accumulated capitals to decrease to a normal bulk.

There should be no restraint exercised by the government upon the formation and operation of such combinations, but on the other hand, the Congress should formulate laws to encourage them, defining correct principles of partnership with the methods by which it may be entered into or terminated at the option of the individual, or for the benefit of the combination under similarly formulated restrictions, qualifications and control as is our sys-

tem of banking, with perhaps a clause allowing and defining limited liability as an encouragement to outside capital.

Such legislation would of course embrace not only limited responsibility, but as a counteracting force, a positively paid up capital, or sufficient available security to clothe the combination with solid authority to pay its pecuniary obligations with fidelity.

Were such a plan adopted, industrial enterprise would as truly become a guarded institution as is now the national bank, as if the combination was tempted to engage in speculation it would be restrained in the same manner under similar stringent supervision, and anyone whose interests demanded could obtain accurate information regarding its affairs instead of the uncertainty which prevails under the system of individual enterprise under no laws of restraint, whereby single credits may be expanded far beyond any point justified by the capital engaged.

The system which I have here merely outlined would certainly be more truly democratic, in the sense that it would give every one the opportunity for advancement, than that chaotic state engendered by the monopoly of enterprise by the capitalist.

For it is true that not all capitalists are successful. Insolvency is too frequent to allow that merely the ownership or the management of capital or credit by the individual always yields a profit, and it is asserted on undoubted authority that

most failures are the result of mismanagement in which speculation either in staple production or in credit forms the major part, the rest being brought about by neglect of business or extravagant expenditures, while but few are occasioned by calamities which could not have been foreseen.

It will be apparent to the student who has followed my summarized history of the national currency that the chaotic state of industrial progress is due to a similar system, or lack of system, as prevailed in the bank system previous to the national bank act, the irresponsibility of individuals, no order of supervision, while individual interests clash with each other and promote an expansion of credits which are measureless.

A proper government system would restrain, if it did not put a stop to an extravagant expansion of private credits much more efficiently than can any mercantile agency whose power of eliciting facts is limited by the option of the individual, and the results would be most beneficent in reducing that item called "risk" which now of necessity figures so prominently in making any estimate of cost, while the opportunity which it would give to individuals of real merit would in a short time give to all industry a stability which has never as yet been attained.

All capitalists, so-called, are not capitalists in reality. Vastly more people

play their game of profit and loss upon the board of credit expansion than upon the solid specie-bearing table whose legs are capable of withstanding shock, and I think if all who come under the first head were numbered it would reduce the number of so-called capitalists by two thirds, at least.

If this view is correct, as I believe will be generally so accepted, then that class to whom I shall be called to answer for propagating the doctrine of government control for all public enterprise will be greatly diminished, and while it is diminished, let me express my conviction that it will be far less likely to harshly criticize my theories of government, the portion left being less in favor of speculation, and consequently, while more conservative in their judgement of business merit and ability, much more lenient in their judgment of the interests of the whole of society.

I do not therefore fear being called "peculiar" or having my theories critisized as "unusual" such criticism being in my opinion more in the nature of a compliment than a rebuke.

My discussion of government authority would be incomplete if I did not pay some attention to those protective systems which at present prevail, under which may prominently be named ship subsidies, and a tariff on imported goods.

Of the former, it has never seemed to me judicious to pay vessels a bonus which

inures only to the benefit of ship owners and builders, taxing the rest of society for the funds, as I see no way for society to indemnify itself for its outlay. It would seem, if there is not a sufficient margin in the traffic to repay the enterprise on which it depends, the traffic would better be left to those, either foreigners or subjects who can better manage and influence their trade.

It has recently been stated, however, that contracts exist in the United States at present for ship tonnage to the value of $60,000,000 owing to lower prices at which steel plates rule in this country than in England partially, but more to the more excellent management, the greater energy, and lastly the great superiority in facilities and men who do the work, so that it can be accomplished in much shorter time. These considerations are real, and I hope potent ones, showing our facilities for competing favorably in the cost of building vessels of either wood or steel.

Under such conditions it would seem that such industry need not go to the government for subsidies.

In earlier stages of the development of our resources, when the cost of ships was perhaps double the amount for which England could build them, it is possible that American enterprise on the high seas did need encouragement from the government, but when we can build so cheaply that other nations place their orders here, it

appears that we have arrived at a stage where our ship building and our ocean traffic can well take care of themselves, and to as good profit as can those of other nations.

Were it not that there are greater inducements for capital in the internal development of the country, the maritime industries would hardly have declined as they have sometimes done, but capital will go wherever it can earn the most, and with the 3,025,600 square miles of area in the United States, some sections of which are constantly opening up new avenues for rich returns, investments flow internally.

It is markedly within the last half century that maritime interests have declined with us, and this has been co-incident with the wonderful array of opportunities for the employment of capital at extravagant rates of interest.

From 9,121 miles of railroads in 1850 we have increased to more than 175,000 miles, the cost of construction alone having been over $10,000,000,000.

The gain from this in interest and dividends is stated by good authority to be upwards of $300,000,000 yearly, which is not supposed to include all the princely salaries received by officials from which very many have builded almost fabulous fortunes.

No estimate is obtainable of the real amount invested in agriculture and in mines, but it will no doubt far exceed

the above sum as will be readily conceded, besides which are the support of manufactures constantly growing, canal and river transportation and the building of cities, among which is Chicago, in which fifty miles of frontage are built annually.

The profits from all these internal developments have been from ten to one hundred percent greater than would have reasonably have been hoped for from maritime interests, where we were exposed to old established competition which in our internal developments did not exist.

When capital has exhausted somewhat this more fertile field for investments, it is likely to suppose that like England, having attained a maximum development, capital will be more abundant, and home investments will be unable to absorb it, interest will be lower as is already the tendency, and we shall reach out over the seas as England has done, and even to a far greater extent.

Opinions are divided as to what would best give impetus to maritime interests, some believing it would be most beneficial to establish bounties, as do England and France, especially the latter, while others believe it best to have free ships.

These latter object to the law whereby American vessels are required to be of American build, so that we could purchase in any market where we could obtain the cheapest, although there is much doubt if we could obtain to better advantage at

present than at home. The doctrine holds however, and personally I believe this to be the correct stand, since with the revival of our shipping interests which free competition will always bring about, the American spirit and enterprise would no doubt in any event bring the cost of ship building as low as any nation.

Indeed, within the past year have we not accomplished that result, and is it hardly a question if we cannot produce today cheaper than England, with our present advantage in steel and iron, and the rapidity with which wood ship builders have adapted themselves to the change from wood to metal, as well as their workmen?

The carrying trade now taken from us by foreign ships amounts to nearly $170,000,000 annually, and this would be a gain to our country, but of how much advantage it would be to ship builders it is impossible to estimate properly.

If by diverting so much of England's industry to America only had the effect to induce proportional immigration, there would scarcely be any advantage to the home industry so far as labor is concerned.

It has been the habit of our government to pay handsomely for all mail service, the foreign rate being no less than $1.60 per pound. This, although in the form of payment for service rendered, is partly in the nature of a bounty, and so far as American vessels obtain the advantage, is

a stimulus to our maritime interests which the government can afford to contribute if it is needed.

There is little doubt that some bounty might well be paid for an option on the sale or hire of high-class vessels, as by such means not only would the government be able to prepare itself against war emergencies which cannot always be avoided, without building and maintaining vessels, but the maritime interests would thus be served, and encouragement given to more American seamen as is the case with the countries named.

We already have something of this nature under the law of 1892, but it is questionable if there is sufficient liberty under the act to give any great stimulus either to ship building or to ownership. It might be more liberal in its scope, and thus be of larger benefit.

It is one of those questions in which partisanship is too likely to sacrifice results which might be beneficial, in the zeal felt for particular and local constituencies. It is well to look all such subjects over in the broadest light, and ignore individualism or locality.

In the case of a tariff upon the products of industry, whatever they may be, if the object is a revenue, it would seem that in the increased cost of the imported commodity to society, the revenue is only an indirect tax much more costly to collect than would be a direct tax, and thus obtained under a species of imposition.

On the other hand, if it does not yield a revenue, its operation so reducing the importations that it may be said to be in any degree prohibitive, its benefits are only those afforded by the protection of an individual industry and making it in the nature of a monopoly whose prices society is obliged to pay when it could be more cheaply served. A tax of this nature is the most vexatious of all, and ought not to exist.

How far the government can expediently go in establishing a parity between food products and the accepted standard of value is a question of another order, and worthy of a more careful analysis, as it is one which affects the whole of society deeply.

I am of the opinion that the interference of the government in regulating the price of these products would be most beneficial, not by granting a bonus upon any line of production, but by protecting the price at a uniform rate, whether the crop is large or small.

I do not know that any effort ever was made by a government to establish a price on food products which would not be liable to fluctuate, appreciating when the crop is scarce and lowering when it is abundant.

Governments have sometimes, with more or less success in times of scarcity, attempted to lower the price so as to relieve the distress of the people, but it

would seem to me of far greater efficacy to that end if the price was made stationary. There is nothing like certainty to give stability to any enterprise, and were the farmer guaranteed in the price of his products it would be an easy matter for him to make his reckoning according to the nature of his soil, and raise that only which would yield him the just remuneration for his toil, and it appears that such a measure would give him better protection, and at the same time insure a more certain crop to society than any speculative anticipations by which he might be guided.

If in the first years there was some discrepancy in the amount of crops of one product as related to another and to the wants of society, a government commission could in a short series of years so adjust it that not a bushel of corn, a pound of wheat, or a peck of potatoes would of necessity go to waste, and this applies as truly to the wants of foreign markets as to domestic ones.

Such a measure would, in effect, be that the government would control the whole products of the country as surely and positively as it now controls the value of money, and to my own mind is no less essential to the good of society.

It is true, that in time of famine the equalizing effect would be lost; but since it is the rule and not the exception which ought to guide in the judgment of effi-

ciency in economic law, this need not be considered.

The price to be established would, of course, be neither so high or so low as to induce either importations or exportations, being graded upon a basis of international demand and supply.

Such a system would prevent "monopolies" or "deals" in the necessities of life, and would promote the general prosperity of the producer.

The monopoly, or, trust either, in many cases, is the direct enemy of society, since he who enjoys is the only person who derives benefit from it in profits obtained. If it be a food product it is undeniably a necessity and operates upon all members of society who buy, and even if it be one patented by the government, it ought to be subject to restrictions in price in the terms of the patent which would prevent any person from obtaining an exorbitant reward for his skill, although it must be admitted that invention is of so great importance in the development of the race that it should receive a higher reward than the ordinary pursuits of life so as to stimulate and encourage it to the utmost.

CHAPTER XLVI

LABOR AND ITS REWARD

As I approach the culmination of my treatise it is with awe.

I cannot survey the great field of progressive production without feeling the tremendous responsibility of him who undertakes to discuss methods of improvement. It involves the whole dignity and manhood of the nations of the world, and also, alas, its misery and destitution.

As must have been apprehended by the student, the culminating chapter of my effort must be labor and its reward.

Labor, that venerable character whose birth was so nearly coincident with the creation, whose silvered hair and whose wrinkled brow bear mournful evidence of the prolonged mental and physical struggles through which he has passed, yet who has endured throughout the ages, emerging with many a battle scar, with eyes still bright and upright form, and with gigantic tread which shakes the universe as he marches on to fulfill his destiny.

Never a government was formed on earth but his was the hand that fashioned and put together the superstructure on which

it rested, traced every line and curve in its architectural beauty and strength, and surmounted all with the spire that reaches heavenward.

Was ever a monarch clothed in sumptuous raiment, his royal purple covering the throne whereon he sat, with sceptre in his hand and crown upon his head studded with diamonds outvying the gorgeous rays of light, it was to labor's hand he owed it all all.

The aristocrat, presuming to think himself above his fellows, reclining on soft couch and devoting his life to idleness and waste, or whirled hither and thither in his lordly chariot, would be lower than the poorest beggar were it not that labor stretches forth his powerful hand and makes his existence possible.

Institutions, it matters not how magnificent or how freely bestowed by society on the individual, could never raise their beneficent heads in sunlight except that labor wrought out the design and builded stone by stone until it was completed.

Church and State, school and college, and all the means possessed by man, owe their existence and their perpetuity to the same faithful hand, which were it withheld but for a single year, would doom all to oblivion.

Every other factor to which the world owes its civilization and growth might disappear together with all the results it has achieved, and still man could exist and in time replace them all; but should

this great factor disappear,not only must all the institutions of the centuries crumble to dust,but man himself,no longer provided with the sustenance of life,must pass away,leaving no trace behind to show that he ever existed higher than the brutes.

Such is the dignity,the sublime grandeur of labor,the patriarch of the ages, the embodiment of all virtue,all happiness through prosperity, holding within his hand the destinies of all nations and peoples,powerful in his might to bless or to curse, to whom all forms of material blessing are due,yet he is subordinated to monarch,to prince,and squire,to wealth and splendor,Church and State, school and college,and all that creates the prosperity of mankind,and forbears to strike with his mighty hand.

What sublime patience and heroism, what magnificent virtue is this,that with power inferior to none but the Omnipotent, endures struggle,poverty,and rags, hunger, cold,and indignity, together with the vicissitudes of sickness and still hopes on, never doubting the advent of a brighter day and generation.

Yet while his heroism may never die, while virtue may strengthen and grow with every advancing step of progress in the upward march toward the heights whereon sits the great arbiter,with the powerful strides of evolution marching by his side, teaching him more plainly with every step that his is the only material power, what

wonder is he shall not finally rouse from his lethargy and subordination and become the general who leads man to his highest achievement.

Kings and potentates may today hold him in subjection with the manacles of ignorance and incomprehension of his powers, but the shackles are old, and are rusting away.

Labor has not reared all these monuments to his worth without deriving from them a portion of the benefits which they confer in more education, broader intelligence and a truer appreciation of what constitutes the mission of man, and the time is fast approaching when that mission will be better and more fully understood, not by teachings from the throne, but from the field, the workshop, and the humble home, each thundering forth the doctrine of universal brotherhood taught by the Christ, universal interests, and a universal destiny, and the monarch who will wield the power will be that hoary-headed saint, entering the city upon a colt whereon never man sat, with garments of the people spread in the way, and branches of the palm while the multitude shout "Hosanna; Blessed is he that cometh in the name of the Lord:" And there shall come the reward for all the suffering and toil, patience and fortitude, love and devotion, faithfulness and zeal, to which all the material sweetness of life is due.

On the page of history is painted a scene in panoramic order from the early dawn of creation to the present, of demand, struggling through the forest of want and destitution toward the open where sits supply under the canopy of leisure with all the wealth of nature spread lavishly around, his servants being capital, a fat, portly individual, and credit, lean, and hollow-cheeked, while her parent, good-will, and her sisters, faith, hope and charity, stand in the background, eager, expectant, and ready to go forth and greet the weary way-farer:-

I see another picture in the future, of demand, capital, credit, good-will, faith, hope, and charity, all closely allied, and marching joyfully on together with supply, all exuberant and happy, while nature smiles her benediction.

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Too much has been said in former pages to leave any doubt as to my attitude on the subject of human destiny, and the student cannot have failed to catch an idea from my imperfect outlines of what I conceive to be the best method of adjusting that profound and subtle question as to what should constitute the reward of labor, yet there are some details still left indefinite which I shall try to make plain.

I cannot resist my doubts of the efficacy of the current combinations of workmen for the purpose of raising and maintaining the rates of remuneration.

Such combinations are but <u>branches</u> of

of what should be a great system, a combination embracing not only all manual workers, but also that great body of philanthropic thinkers and writers who have given and are still giving the subject their devoted attention,-that great class of both rich and poor who believe that to raise and sustain the remuneration of labor would be an achievement worthy to be welcomed by the whole of society of whatever rank.

With so multitudinous a class as is the working class, simply a combination or combinations among themselves without means of concentrating and shaping thought, eliminating prejudice and antagonism, and regulating action upon solid and fundamental principle securely founded upon human rights,-those of the rich as well as the poor,-can only have the effect to agitate the question of labor, without affording the means to settle it by adjustment. To settle a question well, it must be settled by the whole of society, or that portion of it which under our Constitution is considered as the whole,-the majority.

But even by the majority, this question could not be settled permanently to the even advantage of labor under our present industrial systems, because that the sum of a people's needs is all that they will pay for, and hence, while all the skilled appliances have accomplished a noble mission in the saving of labor al-

ready equal to one-fourth, there is not sufficient demand for labor to keep it occupied.

Doubtless there would be a largely increased demand for commodities from the working classes themselves were the remuneration for labor raised on a general scale, and this is a consideration of no small weight of which people in general take little account.

If remuneration of labor was raised twenty-five percent in bulk, this would no doubt equalize the demand for labor with the increased demand for commodities, and thus no labor need be idle, while if the demand for commodities was restrained economically by the workers, there would accumulate a surplus from labor itself. In truth it is already so to no inconsiderable extent, as was lately evidenced by an examination of the class who invest in savings banks incident to the liquidation of some of the national banks, such examination showing that a very large proportion of the investors belonged to the working class. This, however, does not show that as a class they, or even a fair proportion of the great army are prosperous. On the contrary, it shows the ability and the desire to save through economy if they are sufficiently prosperous to make it possible, and refutes the contention of many that the poor man will always live up to his means.

It also just as effectually disposes of the argument of writers on this subject

that there is always a fixed sum of aggregated capital set apart for the remuneration, or wages, which circulates in payment for commodities until it again forms a part of capital, when it repeats its rounds. It will readily be seen that whatever is saved does not return to the great distribution reservoir, but remains in the possession of the saver. It is not the same aggregate amount which is apportioned by capital to wages year by year, but an amount from new accumulations, always tending to increase, no matter how much is diverted by savings of the laboring people. The volume has never yet decreased in the aggregate, nor ever will, while nature is as bountiful as at present, and man is as efficient in labor.

But it is true that a rise in the remuneration of labor must be defrayed from profits, since a general rise in productions not only is impossible, owing to the far reach of international trade, but would be detrimental to the good of society, casting the burden of high prices upon the consumer, which would in no small measure nullify the advantages of the increased remuneration.

Under the present condition of industrial pursuits, the capitalist, so called, is the arbiter, being enabled by his position not only to regulate the amount of labor, but also the price, so as to realize his profit.

It ought to be the task of the economist, therefore, to formulate a system

whereby capital would become so competitive with itself that it would be glad to embrace every opportunity for investment even at a nominal rate of increase, better proportioned to the sum which it is possible to save from labor.

It is not, then, a combination of some considerable number of trades for a single year or for a series of years, or indeed upon a combination which may be said to be permanent, that a general improvement in remuneration is possible, but rather in the positive habitual requirements of the whole of the working people embracing a certain amount for necessaries, a certain amount for comforts and conveniences, and lastly, a certain amount for savings.

These conditions insisted upon, this standard of requirements would in time be recognized as just, and the rates of remuneration would be adjusted to meet them.

But such an elevation of the conditions of labor can be accomplished by no sort of combination of trades in opposition to capital.

Its hope lies wholly in national strength, through which, if judiciously conducted with patience, it will in time be fulfilled.

I think it is safe to predict that there will be a new political party in the near future which will not take for its justification an expansive or an imperialistic policy, a silver or a tariff issue, but principles of higher importance to society looking to the higher remunera-

tion and the constant employment of labor.

I wish it was given me to formulate a platform on which it should stand, but that seems to be outside the scope of an economic work. I only hope that the outlines here given will inspire right minds to undertake the work in as impartial a manner as I have written.

For any class of workers to combine against another, however widely they may be separated in grade, is not an emancipation of labor, but only a partial and temporary one in that particular branch which through combination effect a protective system for the time being, against the encroachments of another, and perhaps an inferior one. If labor expects emancipation it ought never to war against itself, but seek all means within its power by a whole combination, to promote the highest degree of harmony among its ranks.

Neither ought it to indulge in the expensive luxury of a "strike."

What should be the study of the laborer is, to devise a system which will create new market rates, as determined by demand and supply, for it is absolutely useless to attempt to raise the rates of labor above the market rates which are thus established.

While it would be impossible to firmly establish new rates without full employment of all labor, it would even be impossible in any event without combination, that being the only lever which will accomplish any great object in a govern-

ment of free institutions.

But there is a wide difference between a combination of any specific class among many classes, and one composed of the whole, as in the case of a great national party, working upon a platform in which its principles are plainly enunciated, and upon which all are united.

It should not be the object of such a combination to curtail by force the exercise of any rights now held by capital, as such a course is not in harmony with free institutions, and hence would not prevail. Neither could such action be supported by moral law.

To attempt the interdiction by legal enactment of anything not contrary to the established law and custom, or to abridge any of the rights held by any class of society by force, would be to visit a person with punishment when he had committed no transgression, and such action would be indefensible under a government like ours.

But while the right of individuals to engage in any lawful occupation or trade consistent with the laws is guaranteed, no reason exists why the government should not have the same rights as individuals, nor can any reasonable person doubt that it does.

If a single individual has the right to engage in trade or in industrial pursuits, surely a government, which is but an association of individuals, has an equal if not a superior right to engage likewise, especially if by so doing it can accom-

plish a good to the whole of society of which it is composed.

The exercise of such a right by the government, far from being in the nature of a monopoly, would be directly in the nature of a competition, and therefore, while the government need not exercise its authority in restraining any line of industrial pursuit, or be in any manner arbitrary in its methods of proceeding, it might own and operate all enterprise through which society receives service without infringing upon the rights of the individual except so far as a competitive system always infringes, which is accepted as an equal right, one party with another, throughout all enterprise.

But such a system adopted by the government, while it would not infringe on any individual rights, or by force restrain any energy of private enterprise, would on the other hand furnish a basis upon which to build a better economic order of society from the fact that it could become the regulator of the remuneration of labor and establish a standard grade.

Having established this, it would leave the individual free to avail himself of either government means or private and individual means of attaining what to him seemed the best end of his existence.

To expand the power and authority of a government is not incompatible with free institutions if such expansion is in the interest of the whole of society, and not

of a class, and especially is it in the interest of the whole of society if such expansion embraces a great and permanent improvement in the condition and prospects of that overwhelmingly large majority who constitute the workers.

But since it is the whole of society which constitutes the government, it is itself the voice, the great impulse of the nation unless the voise of the minority rules instead of that of the majority.

This, I confess, is too often the case, because although we are a free people, individual thought is not free, the maintenance of its original purity being sadly infringed upon by the false and specious reasoning of party leadership, whose strongest aim is to perpetuate the life of a certain administration of public affairs.

Public opinion is the sovereign ruler in the United States of America more tryly, perhaps, than anywhere else, and it is true that the tendency is stronger to educate it from the current political standpoint, than from the broad and fundamental principles of human rights, which alone are capable of solving the problem of human destiny.

It therefore becomes the necessity, while the great masses are uplifting themselves through the increasing aid of education, that a goodly part of it is directed to a training and knowledge of the value of independence in opinion, to which is due

that individuality of character which makes man a power among his fellows, and on which so greatly depends the progress of the best civilization. For it is not when man follows a leader, blindly trusting to his guidance, that he best shows those qualities which distinguish him from the lower orders of creation; but when by the power of thought, guided by the compass of education, he marks out a pathway for himself through the tangled underbrush in the forest of administrative tactics which will surely lead him to the open.

When, therefore, public opinion, which is the sovereign ruler of our institutions, becomes sufficiently educated to shape itself without the aid of political leaders, each man being an intelligent thinker and unbiassed by any political affiliations except such as are founded upon human rights without distinction in favor of individuals, then will the hope of bettering the condition of the worker and securing to him the whole fruits of his toil be fulfilled through a different and widely extended order of government service than is now rendered.

It will no doubt be objected that the government is already burdened more than is expedient by its manifold functions, and at first thought I grant that this would seem to be true when we reflect how much of its work is ill-done, and how much that is important for the public

good is left undone. I apprehend, however, that this is not the whole view of the subject, since the government, instead of being but a few individuals, or even that considerable number who are now engaged in performing its functions, is the whole body of society, and hence the whole body may be put under contribution, if necessary, in the discharge of its functions.

It is as easy a matter for the government to establish a bureau of industry as to establish a department of the interior; a railroad, canal, telegraph, telephone, bank, or insurance department, as a post office department, and it could all be regulated with precision without any single administrative supervisor or chief as readily as are the public officers in any town or city, at present, every one of whom is subject to the restraint of the law, and also to the fully as strong restraint of public opinion by virtue of which he holds his office.

It is not necessary, should the government assume the ownership and the responsibility of management of all those different enterprises devoted to public service, that the administration of their affairs should be centralized at the National Capital.

As the affairs in detail of the post-offices are now administered locally throughout the country, so also might be the affairs of any and all of the enterprises of a public nature, subject only

to an administrative head, so that all the details of public affairs would be executed by subordinates accountable only for the results, except in case they transgressed or betrayed their authority, which case the local public or the superior of the department would be sure to detect.

Thus the affairs that came under the surveillance of the government officials would come to them in concrete form, suitable to be passed upon with despatch.

I do not think that under our government public matters are administered with less scrupulous regard, especially in the control of subordinate branches, than are the affairs of individuals. When we consider the overwhelming percentage of those engaged in private enterprise who fail from a lack, in most cases, of proper management of their business, and compare these with the almost perfect manner in which the government accomplishes the delivery of the daily mail, we cannot long hesitate as to which performs the most efficient service.

But to pursue the subject further than merely the private enterprise which fails, and compare this same government service with that of railroad, canal, telegraph and all the others now monopolized by individual and corporation, we find the most vexatious delay, often involving no inconsiderable loss which is without redress, added to which is a personal arro-

gance and unconcern, neither of which often prevails in the government service.

It is true, that people usually understand their own affairs better than can the government, and if it were always to the individual's interest, perhaps he would render the best and most efficient service, but even then that individual who serves for the government is most likely to understand the condition of affairs demanding his attention, and will more surely, from purely personal motives, if not for the public good, render more valuable service than any individual, swayed by his business interests can be expected to render.

If it be urged that the government is unlikely to perform its service as cheaply as can the individuall personally interested in the fruits, I reply that there is no need of so close economy, since a considerable amount of such economy now exercised by the private individual would be offset by the greater economy of centralizing all these enterprises under as few shelters as is compatible with the convenience of society, saving not only in carriage, in rents, and in fuel, etc, but also in the economy and efficiency of labor.

If it be put forth that these enterprises now enjoy the service of the best available talent in their special branch, I need only remind the objector that the same talent would exist should the government own and control the enterprises,

and the larger portion of it would be as available as it now is to the present owners.

In truth, it is my opinion that should the government incorporate all public service similarly as is now that of the postal service, the largely increased patronage which it would be able to enjoy would stimulate talent in all branches of such enterprise, and arouse it to a new comprehension of its worth, for notwithstanding many people enjoy positions of trust and responsibility in the service of individuals and corporations, there is no honor which these latter can bestow which is equal in public estimation to responsible and lucrative government service. The spirit of emulation alone, apart from that loyal spirit which all collective and national interests inspire, would go far to stimulate the highest order of intellectual capacity for business affairs which is now sadly lacking under the individual system.

But because I so strongly advocate government ownership and control of all enterprise by which society in general is served, it is not to be inferred that I would favor the extension of a government system which would cover all enterprise. These which I have named are all in the nature of a public service, and they scarcely touch the other enterprise which has made our nation great,-they only make all the rest possible, economical, and

progressive toward still grander achievements.

There is a final argument stronger than I have presented to be put forward in favor of government service. This is found in the great lack of responsibility which in nearly all enterprise is so apparent in its relation to society. While it is no doubt true that enterprise usually fulfills whatever contract it may make with labor, this does not by any means make it independent any more than is labor independent.

A mutual obligation exists which in its proper adjustment demands equity and justice.

The promoters of enterprise are not constituted a separate class of society, but are as truly indivisible as is the government itself, and while enterprise is entitled to its just reward, labor likewise is entitled to and should receive its just share. Should the government undertake the enterprises named including the investiture of trust in land, bringing so large a portion of society into its immediate service and establishing a system by which every man could obtain soil to cultivate, and also a proper rate for the remuneration for service, if its scheme was broad enough to cover all unemployed labor, it would so nicely adjust demand and supply to each other in this commodity that all industry would be obliged, in order to procure it, to conform to the government standard of remuneration.

With all this enterprise in the hands of the government, with the profits which now accrue from them, the government would be enabled to establish a system of public works which, in connection with the control of present unoccupied land, would effect the object named, the employment of all surplus labor so that it would always be in demand and the great labor system would thus be brought to an equity with all the other systems by which society is regulated and improved. Thus we should have not only a democratic Constitution, but thoroughly democratic institutions in unison with it, and the great preamble of which the American people are so justly proud would be exemplified in the working of them.

To approach a conclusion, while I recognize and admit the right and also the expediency of society in general to conduct and promote all enterprise of what may be called a private character, I conceive it to be much more properly within the province of the government to conduct all such as are directly and unequivocally public service, not only for the purpose of increased efficiency, but also to exercise that power over it which will divert the profits from the monopoly or the individual and give them to the use of society from whence they are derived, -being assured that when such profitable enterprises are allowed by the government to exist apart from it, it is the same as to allow individuals or corporations to usurp

the rightful privileges of a free people, and that it is thus a direct departure from the principles of a democratic government.

The best interests of society demand safeguards from government so that no man can rob another of his just dues, and no government can be complete until it has achieved this crowning act of protection.

Evolution in economics is that progressive march of civilization which will bring all the elements of production, of distribution, and of exchange to a harmonious relation or reciprocity, each with all others.

Every advance in civilization,-of accommodation one with another between the members of society,-has been characterized, through a more enlightened understanding, by an increased desire for perfect accord.

It is no less a matter of importance that values of every variety should be organically adjusted than that the relative measure of them should be uniform.

There is no method of effecting such a result except one which will bring man himself into accord with all the commodities which he produces and manipulates.

The scales of justice weigh evenly. If they fluctuate and tremble in the balance, no true equilibrium can be obtained.

When they are finally adjusted, man and

all his surroundings for comfort and happiness will be found resting tranquilly in one of the scales while in the other will stand the angels with the renewed enunciation heard so long ago on the hills of Zion, "On earth, peace, good-will toward man."

THE END

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